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• • ANOTHER article of particular interest to investors is contributed by Chase Donaldson, and by him made to fit into a series that we have been printing, one each month, since the August number. Mr. Donaldson's article analyzes investment trusts; and he knows whereof he speaks, for he is president of Distributors Group, Incorporated, one of the most active organizations in the distribution of securities. He is a graduate of the engineering school of the University of Wisconsin, originally in the class of 1918 but breaking off to serve as a Lieutenant in the Engineer Corps during the fracas overseas. Upon completion of his interrupted studies at Wisconsin University, the engineer soon afterward became an investment banker. The investment trust was an infant industry when collapse came in 1929. How did it weather the great storm?

• • LOOKING on from his Washington post of operation, Mr. Clapper this month speculates upon the future of not merely the Republican party but of our whole political set-up. Dr. Shaw's analysis of the election differs from Mr. Clapper's in various respects. It is interesting to compare the two interpretations. The REVIEW welcomes differing analyses of any and all public questions, presenting salient facts and letting the reader make his own choice.

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DECEMBER, 1934

# REVIEW<sup>\*</sup> OF REVIEWS AND WORLD'S WORK

Edited by ALBERT SHAW

## The Progress of the World

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Published by

THE REVIEW OF REVIEWS CORPORATION, 233 Fourth Avenue, New York City

ALBERT SHAW, President; ALBERT SHAW, JR., Secretary and Treasurer

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Volume XC

Number Six

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Volume XC

Number Six

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# In the Editor's Mail

## Mutual Suicide?

To the Editor:

I was much interested in the "Militarism by Air" feature in the November issue. If such contraptions have been perfected to reduce Berlin, Paris, London, or New York to heaps of smoking ruins, then peace-lovers have been betting on the wrong horse. Heretofore we have backed the pacifists to lead us out of the dangerous wilderness in which we find ourselves. Instead, we should rely on the generals to preserve us from the hideousness of international warfare.

The pacifists have many nostrums, ranging from the League of Nations and international arbitration to the general strike, but none of their pet hobbies appear practical. Pacifism is all right, but not the cloud-minded pacifists. The generals, with their brightly destructive ideas, are our surest friends. With their specialists and laboratory engineers, they are turning war into a mutual suicide pact which cannot produce victors, but only vanquished. Of what value is a German victory over France or England, if Berlin and the Berliners be simultaneously wiped out by aero-chemical means? England, the chief gainer from the World War on paper, emerged in worse condition than humiliated Germany. A war of the future, air-waged, will bring results even more pyrrhic.

Since modern war is fought from motives largely economic, and since it becomes clearer and clearer that victor and vanquished alike will be destroyed, more power to those generals and military-scientists who make war impossible! But do these generals and "experts" realize the futility of that for which they prepare? At least let us hope so. If they do not, it will be a lesson more expensive than civilization can afford to pay for.

F. C. SMITH  
Sioux City, Iowa

## Reader Turns Editor

To the Editor:

On receipt of your recent letter and sample copy of your Weekly Message, I looked up a copy of your magazine to see whether it came up to the promise of your letter. I see the need of a magazine that would present the articles which you mention. And yet your magazine was a disappointment.

1. There was too much irony and catchy writing. That kind of writing is good for an occasional stimulant. But I find it boring as a regular diet.

2. Another thing to which I object is too much generality. I felt that I was reading lines of doubtful meaning which did not get anywhere.

3. Your curves on business conditions in the United States and Canada were good, except for the fact that they do not agree with other curves. All the others that I have seen give a substantial rise in business in the fall of 1933. In yours this is entirely missing. Such a difference requires an explanation.

4. I might also suggest that the thing which I feel the greatest need of in a magazine is a discussion of the basic economic problems. For example, take such a question as whether there is now an excess or a shortage of capital.

This could be introduced in one issue, and then two pages a month be reserved for its discussion. Such a page would, I believe, become the most interesting part of the paper.

A. W. FORBES  
Worcester, Massachusetts.

Mr. Forbes' point that charts will be improved by expanding the captions is well taken. This is being done. It is not for editors to judge as to the clarity and readableness of their style, whether they generalize too much or too little. The readers do that for them, and the result shows in circulation. As for a discussion of basic economic questions by subscribers, the editors welcome letters from readers on all questions, economic or otherwise, and will gladly publish those of general interest.—Ed.

## Questions

To the Editor:

After reading Dr. Shaw's article, "What Will He Do With His Victory?" in the October issue, there are three questions which I would like to put to you.

1. Have you forgotten that there are still from ten to fifteen millions either unemployed or on relief?

2. Do you desire a return to 1928 conditions, that is to say, a state of affairs under which even in so-called boom times approximately five millions of Americans were willing but unable to earn a livelihood?

3. Even if we could return to conditions under which the poverty of the under-privileged is rendered all the more glaring and all the more hateful by the prosperity of the few, how long do you think the present economic system would last?

In the second and third questions lies the kernel of the problem as millions of Americans see it, and deep down in our hearts the cry goes up that there must be no recovery without reform.

ROBERT SHILLAKER  
Glendale, California.

## 30, 40, 50 Miles Per Hour

To the Editor:

In the article on "Sight Saving" in the September issue, mention was made that the country's record of automobile accident casualties could be improved by providing more adequate street and highway lighting facilities.

Unless automobile drivers reduce appreciably their rates of speed when traveling during hours of darkness under present conditions of highway lighting, then it must be admitted that more adequate illumination than now exists must be provided. With automobiles capable of high rates of speed and with a good many drivers operating them practically as fast during hours of darkness as during hours of daylight, it may be taken for granted that very little can be accomplished along the line of getting operators to reduce their speeds at night, unless, by chance, educational activities are multiplied many times. It would seem,

therefore, that the thing to do is to start to improve highway illumination so that the human factor involved in accidents at night may be reduced to a minimum.

Inasmuch as the illumination provided by headlamps is only effective, on the average, to the extent of around 100 feet, it will be seen that any driver operating beyond 35 miles per hour is driving beyond the range of visibility. At a speed of 35 miles per hour approximately 100 feet are required to stop, including the distance traveled while the driver is in the act of applying the brakes. At 40 miles per hour a driver at night is operating around 25 feet beyond the range of the visibility provided by headlamps and at 45 miles per hour, 50 feet beyond the range of visibility.

The record of pedestrian deaths from one state, as an example, shows that 69 per cent of the fatalities occurred during hours of dusk and darkness. In this state only 7 per cent of the pedestrian deaths occurred during the hours from 6 A. M. until noon. From noon until 6 P. M., 25 per cent of the pedestrian deaths occurred. Illustrative of the effect of darkness on the trend of deaths is the fact that during the three-hour period of from 6 to 9 P. M., 37 per cent of the pedestrian deaths occurred. In this same state the number of pedestrian deaths during the three hour period of 6 to 9 P. M. was much greater in the first and final quarters of the year than during the second and third quarters, and this is largely due to the fact that darkness comes much earlier during the winter months than during the period of warm weather.

Traffic at night is about one-fifth of the volume of daytime traffic, yet last year throughout the country the ratio of fatal accidents to total accidents during period of dusk and darkness was 69 per cent worse than for daytime accidents. . . . On a traffic volume basis, therefore, the fatality rate during dusk and darkness is several hundred per cent greater than that which prevails during daytime. . . .

There are many other facts which go to prove that better street and highway illumination will be a means of safeguarding life and limb. An investigation, extending over three years, of the automobile accident experience of a good many cities, during the three-hour period from 5 P. M. to 8 P. M., during the four summer months of May, June, July and August, and the four winter months of January, October, November and December, shows that the cities with the lowest per capita cost for street lighting have the highest night automobile accident fatality rate per 100,000 population. The cities with the highest per capita cost of street lighting have the lowest night automobile fatality rate. . . .

Unfortunately, there is no one way by which a greater degree of safety may be brought about on our streets and highways. Most certainly, however, more adequate street and highway lighting, especially upon thoroughfares which carry considerable travel, constitutes one of the effective means of reducing automobile accident casualties. *This year will witness the greatest loss of life ever experienced from automobile accidents.* It would seem, therefore, to be proper that some part of the fees collected from



motorists should be spent in providing more adequate street and highway illumination.

G. D. NEWTON  
Hartford, Conn.

## Market Wreckers?

To the Editor:

In your *Weekly Message* of November 1st you state: "They (the chain stores) cut the margin between the producer and the consumer thus raising the return of the former and increasing the consumer capacity of the latter."

That may seem true in theory, and so the chain stores claim. In actual practice the chain stores have wrecked markets, have decreased the return to the farmer, and have acted as a prey upon every other factor in at least the perishable food products industries.

This may sound to you like anti-chain store ranting. Anyone familiar with the real facts will promptly agree.

The devastating effect of chain store "leaders" on the producers' net return is not theoretical—the chains have been responsible in a very large degree for a net return to the producer that has hardly paid his cost. The attached clippings will bear actual evidence of that fact—the attached do not evidence merely the occasional wrecking of markets—they reflect a typical situation.

Just a few seasons ago Illinois peaches were moving on the Chicago market at prices running from \$1 to \$1.25 depending on quality. That was the wholesale jobbing price. A local chain felt that they would be scoring one for themselves by offering peaches to the consumer at 79c, and they carried scare-head advertisements in the newspapers offering peaches at that price.

The next day the chain didn't have enough peaches to meet the demand, and had to apologize through their ads for their inability to deliver. Immediately all of the chains followed suit. They cut prices and as a result wrecked the market for Illinois peaches to the point that the dealers as a whole showed a loss to everyone engaged in the deal, and particularly for the farmer.

All Illinois peaches that year could have been moved at prices of \$1 to \$1.25 and at that jobbing price would have shown a respectable net return to the producer. The consumer would not have been paying any penalty. . . .

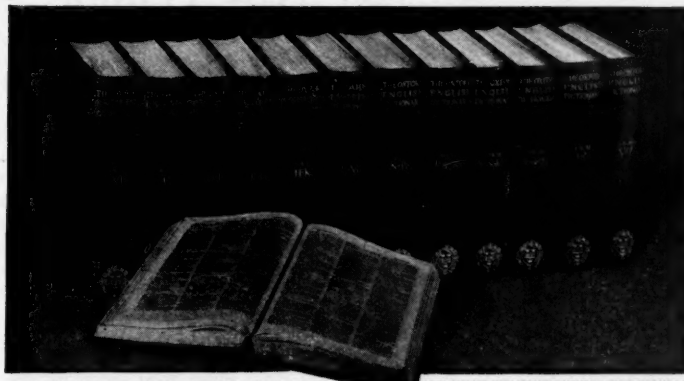
The last clipping attached reports both the chains and the independents as cutting prices. Price cutting by the independents is no less reprehensible than price cutting by the chains. But most of the price cutting has been induced by earlier price cutting by the chains, for the independents must in some measure attempt to meet the prices of the chains, and the latter's price "leaders" have naturally reduced what both other chains and independents could afford to pay in competition.

From the standpoint that the growth of the chains represents greater establishment and maintenance of a buyer's market in contrast to a seller's market, it is inevitable that the margin to the producer will continue to narrow.

I am quite ready to agree with you wholly in the statement that the chains have done much to increase the consuming demand, but increased consuming demand has not been accompanied by an increase in the return to a producer, nor a potential increase to a producer in more normal times. . . .

A. M. ABRAHAMSON,  
Chicago, Illinois.

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# The Editor Picks and Chooses

## Slangage

CARL SANDBURG has said of slang that it is "language that takes off its coat, spits on its hand, and goes to work." Maurice H. Wesen, Professor of English, University of Nebraska, is no shirker himself, and undoubtedly he worked, coatless, for many moons, over his book, "A Dictionary of American Slang" (Crowell, \$2.50).

Slang worms its way into the language not by leaps and bounds, but insidiously, and even those who scorn its use break down sooner or later. Those people who insist on putting quotation marks around slang words, to assure you that they know better, are, we state categorically, sitters-on-the-fence and weaklings.

Some slang terms are far-fetched, but most of them are sound, colorful and descriptive. The book appears to cover the ground thoroughly. This question of slang can be brought into a parlor game, to while away dull evenings. How many of the slang expressions listed below do you know? Professor Wesen supplies the answers for our curious readers:

### Hobo Slang

*Ace in*—to gain favor  
*Alligator-bait*—liver that is stewed or fried  
*Bald-headed lump*—A handout that contains coarse food  
*Band house*—a jail  
*Beefsteak and onions*—The Baltimore and Ohio Railroad  
*Benny*—an overcoat  
*Big spuds*—officials  
*Brick*—a Catholic Priest; a dollar; a Negro; to oppose; to contend with

### Circus Slang

*Liberty act*—An animal act that goes on without a director  
*Paper house*—An attendance made up largely of people who were admitted on free passes

### College Slang

*Finagler*—A person who delays until someone else pays the bill  
*Five H man*—"Hell, how he hates himself"; a very conceited person  
*Hard-nosed cookie*—a homely girl

### General Slang

*Fork up*—to pay up  
*Freckle one's feet*—to surprise; to amaze; to astound  
*Frog sticker*—a pocket knife

### Eating Slang

*Biddies*—Eggs  
*Bottle washer*—An assistant cook  
*Cackleberries and grunts*—Eggs and bacon  
*Draw one in the dark*—black coffee

## World Diary

"WORLD DIARY: 1929-1934" is a book that is almost unique. Written by Quincy Howe, able editor of the *Living Age*, it is a priceless compendium of what has taken place all over the globe during the past five years. Illustrated by maps and European cartoons, and packed with pertinent quotations from the press of the many countries involved, there is little that has escaped the attention of Mr. Howe.

The book opens with a prologue which sketches the background of contemporary events leading up to January, 1930; then proceeds, month by month, to tell what happened and who was there—clearly, briefly, and in a most interesting manner. Statesmen of sixteen nations gather in The Hague on January 3, 1930, to consider the Young Plan—and so the diary gets under way, to run its temperamental course to date, in keeping with the undulations of a temperamentally depressive world.

As an appendix there is a complete chronology, beginning with the death of Gustav Stresemann late in 1929, and

closing with the American textile strike, the resignation of General Hugh Johnson, and President Roosevelt's request for a capital-labor truce in September. The experience which Mr. Howe has put into his outstanding international magazine appears in his really excellent book, which is extremely useful for reference, and makes good continuous reading withal. Highly recommended. (McBride, 381 pages. \$3.)



QUINCY HOWE

Editor of The Living Age, who has just completed a diary of world events, 1929-1934.

## Shortenin' Bread

THERE is scarcely a man alive today who does not know that Frankie and Johnnie were lovers, that Casey Jones died at the throttle and that Abdulla Boul Boul Ameer, that courageous Hussar,

met his end at the hand of Ivan Petrofsky Skevar. But if you were to tell him that in singing these ballads, he was expressing a keen interest in American literature, he would undoubtedly look upon you with ill-disguised suspicion. It will take a lot of talking to convince him that balladry is respectable. Professor John A. Lomax is a man who loved the old songs long before his fellow English professors considered them worth anything, and he has spent a lifetime traveling around the country collecting them. The lumberjack, railroader, miner, hobo, cowboy, convict, soldier, mountaineer, desperado and the Negro—all have contributed their songs to his collection. Men and women



who enjoy an engaging tune and a bit of tragedy will enjoy reading and singing these ballads, some put in print for the first time. Although there are many delicate and tender songs, there are also many robust ones, printed much as they are sung. There are several hundred ballads and folk songs, including such old favorites as *Old Dan Tucker*, *The Gal I Left Behind Me*, *Goodbye Old Paint*, *Shortenin' Bread*, and *Dese Bones Gwine to Rise Again*. The collection is distinctively American on every page. (American Ballads and Folk Songs, edited by John A. Lomax. Macmillan, 620 pages. \$5.)

## Cromwell & Ironsides

OLIVER CROMWELL is considered by some to have been the first fascist dictator of modern times—a sort of pre-Bonaparte and pre-Mussolini. He was, of course, the representative of a rising English capitalism which opposed the agrarian feudalism of the English ruling-class. The English middle-class of merchants and businessmen was Puritan in creed, and detested the courtly fripperies of the Church of England, which was linked with the aristocratic feudal faction. Hence came a great Puritan rebellion and the Puritan republic of 1649-1660 which was a businessman's paradise and precursor of the French Jacobin republic of 1793, also virulently anti-feudal and essentially bourgeois in character.

John Buchan, who has written a new "Oliver Cromwell", is a leading English historian and novelist, and his books run into the thirties. Buchan is a profound student of military affairs, as his history of the World War showed, and he is a member of Parliament with marked Conservative leanings. Naturally he is inclined to lean to the royalist-feudal side in the English civil war period; and his fundamental sympathies are neither Puritanical nor Cromwellian. Nevertheless, his objectivity is quite admirable; and his colorful pictures of contemporary England hold a rare charm.

Here is a real super-biography, running into many pages and giving the reader an indispensable historical background for developments in British latterday politics. Cromwell was first and foremost an enlightened military dictator, and Adolf Hitler has stated that this "ironclad" Puritan is his favorite historical character. Highly recommended. (Houghton Mifflin, 458 pp. \$4.50.)

Hilaire Belloc has also re-created Cromwell in the latest of his historical studies. Belloc takes great pains to explain the man, especially in the light of his times. He has written an informative and erudite book which is not as easy reading as John Buchan's. ("Cromwell: A Biography." Lippincott. 347 pages. \$4.)

## Front Page Stuff

WILBUR FORREST got his first job as a reporter on the *Peoria Journal* in 1909 and he has been covering murders, fires, riots, and wars ever since. "Behind the Front Page" is a well-told account of his experiences on various newspapers, particularly during the World War when he was a correspondent. Of particular interest are his stories of the Lusitania disaster, the first Zeppelin shot down over London, and the famous "lost battalion". Forrest does not glorify the war. He does not avoid its mud, blood and incredible stupidity.

After the armistice, Forrest managed to keep busy with Mexican squabbles, by interviewing Henry Ford at the time

Henry was wrongly reported to have asked Wall Street for a \$75,000,000 loan, by covering the Lindbergh flight, the Pilsudski coup in Poland and a war in China. The difficulties which Forrest faced, the confusion surrounding the great news events, the color and the chaotic movements of the crowds—indeed these make fully as interesting reading as the feature news stories themselves. One can but wonder why more of this could not appear in the newspapers—the inside stuff.

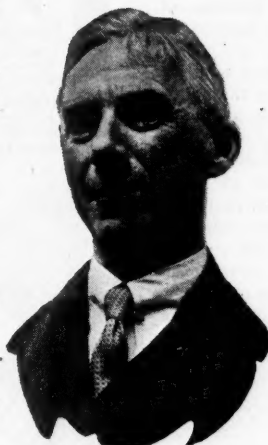
Mr. Forrest, after twenty-five years of reporting, still finds it the most interesting work he knows. He wouldn't trade his job with any bank president. However, maybe some of our bank

presidents might be glad to trade jobs with Mr. Forrest. (D. Appleton-Century. 350 pp. \$2.50.)

## Freedom

THE same causes that produced war in 1914 are still operative, and unless checked by international control of investment and of raw material, they will inevitably produce the same effect, but on a larger scale. It is not by pacifist sentiment, but by world-wide economic organization, that civilized man is to be saved from collective suicide.

Mr. Bertrand Russell uses these words in concluding his volume, *Freedom versus Organization, 1814-1914* (W. W. Norton, 471 pages. \$3.50), after tracing the economic theories and developments that worked in Europe and the United States from the Congress of Vienna to the outbreak of the World War. It is not possible to present all of Mr. Russell's penetrating conclusions in a brief review, for after a survey of the European scene of reaction to 1848, he turns to England and traces the development of the theories of the Philosophical Radicals and of Robert Owen and Karl Marx against the social background. Then he follows the evolution in the United States, from the early principles of Jeffersonian Democracy to industrial monopoly, through the



BERTRAND RUSSELL  
English mathematician and  
scientist, author of "Freedom  
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triumph of the principles of Hamilton and the graft and corruption that followed the Civil War. In the last section of the book he returns to the European scene to discuss the development of nationalism and imperialism that led to the World War.

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There is only one disappointment in Mr. Russell's work, that it stops in 1914. What does he have to say about post-war developments? What of communism, collapsing monarchies, and dictatorships? What of the League of Nations? He does, however, suggest in regard to the United States:

"The plutocrats were right in wishing to eliminate competition, and their opponents were right in demanding consideration for the interests of ordinary citizens. The solution lay neither in a more absolute plutocracy, nor in a return to economic anarchy, but in public ownership and control of the machine that the masters of finance had created.

"To achieve this requires a new popular philosophy, a new civil service, and a new kind of democratic intelligence. An attempt is being made to create these in America at this moment." —R. H. S.

## Snug Harbor Reading

IN this age of supersalesmen and personality boys, it is refreshing to know that there are still a few men left who have no ambition to crash the front page or to join country clubs. One such man is Captain Bob Bartlett, famed skipper of the *Effie M. Morrissey*. Captain Bob has sailed northern waters for many years, for business, for science and for fun. Out of his experiences he has written a book, a plain-spoken and engaging account of his adventures. If you are more than just a little tired of business and dull routine, you will find release in the pages of this book. No ghost writer has polished the style or tampered with the text—there it is, full of excitement, vivid characters and the salty philosophy of a man who understands men, particularly the kind who still call suspenders galluses, not braces. Captain Bob waxes enthusiastic about icebergs in sunlight, but knows enough not to get too close. He enjoys sailing out a bit of a blow, and swapping yarns with the boys in a snug cabin while the wind howls outside. Unlike some romantically inclined people, Captain Bob mentions such things as these; that you often know you are approaching an Eskimo before you see him, that walruses sometimes have halitosis, and that food in the North does not remind one of food at the Astor. Captain Bob has had his troubles, particularly during the time he took a party of Hollywood actors up North to make a film. Now, he would prefer wrestling with polar bears, and he has reasons. Recommended for snug-harbor reading. (Scribner's, 300 pp. \$3.)

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## Charting the Future

**I**N "America's Hour of Decision", Glenn Frank has written a book on current economic and political questions which stands out from the crowd of similar books. Dr. Frank has no pet remedy, and he does not bother himself over this or that detail in the present recovery program. His book deals "with the broad trends of American life and enterprise as affected by science, technology, power production, and the epidemic experimentalism which marks the politics of the time". He is concerned primarily in defining objectives and explaining the choice which America must make. An example of Dr. Frank's disinclination to discuss this or that "campaign strategy" may be found in his discussion of the brain trust. He feels that the brain trusters should be kept in the laboratory where they can accomplish the most, and that the executive branch should put their decisions into practice. He feels that the expert cannot do two jobs at the same time and do them well. Business, he says, which first made use of the technician, keeps its brain trusts in the laboratory. Though in no way disparaging the services of the expert in government, Dr. Frank would like to see the New Deal do likewise. Indeed, public administration can stand all the well trained servants it can lay its hands on. It has plenty of Huey Long's. Dr. Frank, president of the University of Wisconsin and a former editor of Century Magazine, discusses such matters as the temper of the crowd, the flouting of democracy, the invasion of freedom, the betrayal of science, the exile of religion, and a rampant nationalism. In conclusion, he offers an "alternative to revolution", a judicious middle course for the future. (Whittlesey House, McGraw-Hill. 263 pp. \$2.50.)

## Redland, Inc.

**W**ILLIAM HENRY CHAMBERLIN, famous Moscow correspondent, has done an inclusive book entitled "Russia's Iron Age". Since the author left Sovietland, he has evidently undergone a marked change of views, for this former enthusiast now shows himself an "anti" from start to finish. Persecution of the kulaks and bourgeois intellectuals, police methods, agrarian procedure, and the "governmental famine" of 1932-33 arouse his ire with considerable reason. He gives one the feeling that Russia is pragmatically turning fascist—although with communist slogans. The book is far from hopeful, but it is able and extremely informative, and contains some truly novel theses. For instance, that red politics have been spreading, but not red economics; and that Germany, Italy, and the other capitalist dictatorships have borrowed their governmental structures direct from Moscow, with its one-party system, popular propaganda, and stringent terrorism. Education and medicine are the two fields of greatest advance, according to Chamberlin, who considers the Soviets neither a white hope for the world nor a menace in the long light of history. (Little, Brown, 350 pp., \$4.)

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Before me, a notary public in and for the State and county aforesaid, personally appeared Albert Shaw, Jr., who having been duly sworn according to law, deposes and says that he is the Publisher of the Review of Reviews and World's Work, and the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit: 1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, The Review of Reviews Corporation, 233 Fourth Ave., New York; Editor, Albert Shaw, 233 Fourth Ave., New York; Business Manager, Albert Shaw, Jr., 233 Fourth Ave., New York. 2. That the owner is: The Review of Reviews Corporation, 233 Fourth Ave., New York; Albert Shaw, 233 Fourth Ave., New York. 3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages or other securities are: None. 4. That the two paragraphs next above giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also, that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest, direct or indirect, in the said stock, bonds, or other securities than as so stated by him. Signed, Albert Shaw, Jr., Publisher. Sworn to and subscribed before me this 21st day of September, 1934. Signed Myrtle Mortimer, Notary Public. (My commission expires March 30, 1936.)

**Rock-bound and Rock-ribbed**

HAD Ellen Mary Chase not already named one of her books "A Goodly Heritage", she might have appropriately given that title to her latest work, "Mary Peters". For this story deals with the forces and influences of the sea-faring heritage upon those New Englanders of the middle and late '80s. Mary Peters sails on her father's ship as a child and at fifteen returns to her native Maine coast village. The years that follow are not without their troubles, but the broad, calm philosophy of life acquired during those childhood days at sea prevent Mary from many deep scars. Sarah Peters is a grand person, with a tremendously brave spirit and a rich mind. Mary's brother John never aspires to be master of a ship. He must battle the elements of nature on land, experiment in coaxing difficult crops to grow in the stubborn rocky soil, and become a successful farmer to be completely happy. Our sympathy and admiration were with the old sea captains of the town. They bitterly resented the passing of sailing vessels and the decline of shipping in their state, due in part to the influx of wealthy summer visitors, lavish with their money, who regarded these magnificent Yankee specimens as amusing and quaint "characters". The book is beautifully written, and deserves a slow reading. (Macmillan, 377 pp., \$2.50.)

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"ONE HELL OF A BUSINESS" is a little book (95 pp.) with a message for every man, woman, and child. The "hellish business" is the armament business; and H. C. Engelbrecht, who is an acknowledged authority on the subject, has hit the high spots of the dirty international scandal most effectively. He is to be congratulated, for he tells how arms are sold, how the governments aid, who the customers are—both here and abroad, and in what manner embargoes and industrial wars may figure (McBride, \$1). The best way in which to battle with such unholy interests is through a campaign for public information, and Dr. Engelbrecht has done more than his bit in the great arms exposé which has redeemed stormy, unhappy 1934.

## The Man Who Made Lincoln

EXHAUSTIVE research and heretofore untapped correspondence are responsible for a new study of Stephen A. Douglas and his time, "The Eve of Conflict, Stephen A. Douglas and the Needless War", by George Fort Milton.

The author's revelations are startling. How many casual readers of history knew, for example, that had it not been for the persuasiveness of Douglas, Grant might have accepted the commission in the Confederate army offered him in 1861? Milton also points out that in the famous Lincoln-Douglas debates, it was Lincoln, not Douglas, who was on the defensive time and time again.

It was a chaotic period just before the war. The Kansas-Nebraska bill, the Missouri Compromise and the Dred Scott decision had split the country wide open. The halls of Congress thundered with the oratory of Webster, Clay, Sumner, Calhoun and Douglas, the man who made Lincoln and lost the presidency.

Milton ardently champions Douglas and his cause, declaring that responsibility for the war rests wholly on the head of James Buchanan and his southern Ultra Allies. By the use of Federal patronage they split the Democratic party and kept Douglas out of the White House. It is no wonder that Douglas once advised a young friend who came to him for advice:

"Stick to the law, my boy, stick to the law! Never go into politics. If you do, no matter how sincere and earnest you may be, no matter how ardently you may devote yourself to the welfare of your country, you will be misinterpreted, vilified, traduced and finally sacrificed to some local interest or some unreasoning passion."

Had Douglas prevailed, Milton believes, the course of American history would have been far different. Thus he concludes:

"Had Douglas been on the platform of non-intervention, with its promises of gradual economic and social adjustment, confronted Lincoln, the interventionist, on his Doctrine of House Divided, it seems almost too plain for argument that he would have become president. In that event, it seems more certain that there would then have occurred no immediate secession and no immediate appeal to arms". (Houghton Mifflin, 650 pp. \$5.)

## NRA BOARD DECIDES TO CEASE CURBING INDUSTRY OUTPUT

New Policy Is Looking to Full Production, Lower Prices and Higher Consumer Demand.

Special to THE NEW YORK TIMES.  
WASHINGTON, Oct. 22.—Restriction of industrial output has been definitely discarded as a policy in the recovery program. A high official in the NRA said today.

and may be expected in the near future.

Stress on Consumer Demand.

From the consideration given to the problem, the board members have apparently reached largely the same conclusions as has the Brookings Institution in two books called "America's Capacity to Produce" and "America's Capacity to Consume."

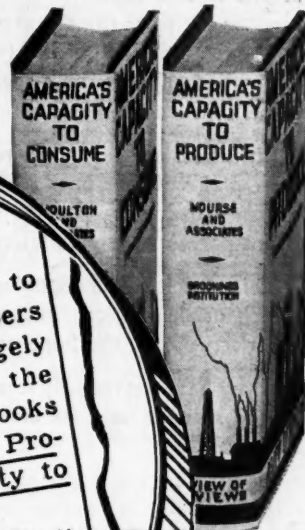
"Production Below Consumption."

The authors of "America's Capacity to Consume" state that the belief that more can be produced than the United States can consume is a fallacy, contending that production never acts with potential.

operate. Increased demands will unit costs. Manufacturers to take on goods.

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BE BUILT AROUND  
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THE Townsend Plan proposes to pension at the rate of \$200 a month some eight million citizens of the United States. It is not surprising that this original and pleasing prospect has aroused unbounded enthusiasm—as well as apprehension.

In the December issue of The FORUM, Seymour J. Milliken explains the details of this engaging plan for which its proponents claim 5,000,000 signatures on petitions from 47 states. To obtain the pension (a) the recipient must not have a criminal record; (b) he must retire from all productive and gainful occupations; (c) he must spend the entire sum each month within the boundaries of the United States.

Mr. Milliken further gives the Townsends' ingenious arguments that their plan will not only rid the country of its indigent aged, but will insure economic recovery, provide work for our unemployed millions, and reduce, if not prevent, the possibility of future economic depressions.

This article is characteristic of The FORUM'S energetic editorial policy which neither rejects nor embraces new ideas hastily, but subjects them to sober scrutiny in the hope of discovering fresh paths to saner happier living.

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## March of Events

Continued from page 54  
to commence bilateral negotiations to increase trade among themselves.

### Episcopalian

Once in three years the leaders of the P. E. Church meet to discuss and decide.

VOTING 44 to 38, the House of Bishops adopts a resolution (October 20) endorsing efforts to permit licensed physicians, hospitals, and medical clinics "to convey such information as is in accord with the highest principles of eugenics and a more wholesome family life, wherein parenthood may be undertaken with due respect for the health of mothers and the welfare of their children." Its advocates say that the resolution endorses birth control.

A PROPOSAL to drop the word "Protestant" and call it the Episcopal Church is defeated by the House of Deputies (October 19), 207 votes in favor and 234 against.

"WAR may be good or bad" is the report of a joint committee—bishops and laymen. "While war should never be resorted to as an instrument of offense . . . it may become an instrument of national self-preservation." (October 19.)

A SERMON by Bishop Manning of New York, in the convention hall at Atlantic City (October 21), asserts that "the Episcopal Church maintains and rejoices to maintain warm and brotherly relations with the Protestant churches . . . but her own faith and order are fundamentally and definitely Catholic. Her distinctive beliefs are those which have been held and taught by the Catholic Church."

BIRTH CONTROL is approved by the House of Deputies (October 22) as it adopts the Bishops' resolution after heated debate but without a record vote.

### Aftermath in Yugoslavia

Who directed the assassination? Arrests and charges are more conspicuous than facts.

ITALIAN police, at the request of France, arrest Anton Pavelich (October 18), alleged leader of the plot to assassinate the Yugoslav King. Pavelich is head of the Croatian secret terrorist organization known as Ustashi. Meanwhile it seems that the assassin himself was Hungarian by birth and Croatian by residence.

THE LITTLE Entente — Yugoslavia, Czechoslovakia, and Rumania—and the Balkan Entente — Yugoslavia, Rumania, Turkey, and Greece—meeting separately in Belgrade (October 19) adopt identic statements that the assassination of King Alexander of Yugoslavia, "a crime committed under the influence of forces working across a frontier, springs from a foreign policy." Hungary and Italy have red faces.

A NEW ministry is formed, with Nikola T. Uzunovitch as Premier (October 23). The old foreign and finance ministers are retained, but the former dictator, General Pera Zhivkovitch, becomes war minister.

## Obituary

Raymond Poincaré, 74. War-time President of France and four times its Premier. October 15.

Elmer Burritt Bryan, 69. President of Ohio University. October 15.

Santiago Raymon y Cajal, 83. Only Spaniard ever to receive a Nobel Prize (for medicine, 1906); a neurologist and authority on the brain. October 17.

Alexander von Kluck, 88. Field Marshal in the German imperial army; commander of the First Army in the over-hasty march on Paris in September, 1914. October 19.

Francis Metcalf Root, M.D., 45. Of the faculty of Johns Hopkins School of Hygiene and Public Health, distinguished for studies of mosquitoes as carriers of disease. October 21.

John M. Splitdorf, 65. Inventor of the electrical condenser widely used in radios and automobiles. October 24.

Frank J. Sprague, 77. At the age of 30 he installed the first electric street railway system, in 1887, at Richmond. Later he invented the multiple control system used in electric trains. October 25.

Thomas Q. Donaldson, 70. Major General, U.S.A., retired; Inspector-General of the Service of Supply of the A.E.F. at the close of the War. October 26.

Alexander Grosset, 64. Originator of a successful reprint book business. October 27.

Bailey Kelley Ashford, 61. Colonel, U.S.A. medical corps, retired, who diagnosed hookworm as the cause of anemia in Puerto Rico. November 1.

Baron Edmond James de Rothschild, 89. Head of the Paris banking house and last of the third generation of the famous European banking family. November 2.

George W. Read, 73. Major General, U.S.A., retired; a corps commander of the A.E.F. November 6.

Thomas G. Lee, 56. President of Armour & Co., packers. November 6.

Ivy L. Lee, 57. Pioneer in the profession of public relations counselor. November 9.

Samuel McGowan, 64. Rear Admiral, U. S. N.; formerly paymaster general and chief supply officer in the world war. November 11.

Henri Verbrugghen, 61. For more than ten years conductor of the Minneapolis Symphony Orchestra. November 12.



FOR answer, the world looks to Japan . . . to its relations with China and Russia . . . its management of Manchukuo . . . its general policy in the Far East.

After surveying that policy at close range, J. Roscoe Drummond, Executive Editor of The Christian Science Monitor, is returning from a visit to Japan, Manchukuo and China. His impressions are to be published in a series of 9 articles, appearing between December 17 and 29.

They report conditions as they actually are today; they clarify Japanese and Chinese attitudes, and they seek to point out those forces upon which an understanding between the United States and Japan can be built.

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## The Pendulum Fails to Swing Back

By ALBERT SHAW



By Carlisle, Des Moines Register



FOR THE FIRST time since 1856 a mid-term election increases the Congressional strength of the party in power. This public demand for unobstructed leadership gives President Roosevelt the signal for full speed ahead!

### The Expected Vote of Confidence

IN OUR PREVIOUS monthly issues we had commented upon the conditions that were reasonably certain to result in a sweeping Democratic victory on November 6.

Also we had presented the arguments in favor of electing a Congress that would work with the President, and share with him the responsibilities of government. In this magazine, on many occasions, we have tried to convey certain fundamental truths in American government, having to do with relationships between the executive and legislative branches.

Our newspapers are intelligent, and at liberty to tell the whole truth. We would like to inquire of them, therefore, with great respect for the ability and sincerity of their editors, why they have so seldom called attention to the fact that during the last two years of Herbert Hoover's administration the House of Representatives was in control of the Democratic party, with a Democrat in the Speaker's chair, while the Senate was in still stronger control of the Democrats, through

control of the Republican convention at Chicago in 1920, and had cast aside such leading candidates as Governor Lowden and General Wood, and such available dark horses as Dr. Butler. But the reaction would have elected a Republican ticket in any case.

The country secured Mr. Hughes as Secretary of State, when it might as well have had him for President. It was not a profound party reversal, nor did it evince marked enthusiasm for Republican leadership. Mr. Cox made a creditable campaign for the League of Nations, and there were Republicans who sympathized with his views. Theodore Roosevelt would have led the Republicans if he had lived to take the nomination, with a western running-mate.

Mr. Coolidge was elected in 1924 largely because of the protracted struggle between Al Smith and Mr. McAdoo in the Democratic convention, and the failure of Tammany to support the party's admirable compromise candidate, John W. Davis. The Hoover victory in 1928 was personal rather than partisan. The South was fanatically opposed to Al Smith, and deeply resentful

## THE PROGRESS OF THE WORLD

their firm working alliance with a group of western independents known as "insurgents", who were Mr. Hoover's most relentless opponents? The bank panic, and some of the worst phases of the protracted depression that has followed, might have been averted if the Republican party had won a complete victory in 1928, followed by a further victory in the Congressional elections of 1930.

The pendulum in 1920 had swung away from the Democrats in consequence of President Wilson's unfortunate reversals of international policy in his second term, after the brilliant successes of his domestic policy in the first term. Reprehensible intrigues had seized

of the methods by which he was nominated.

Mr. Hoover had earned non-partisan popularity as one of President Wilson's great war-time administrators. The South had no intention whatsoever of extending warm hospitality to the Republican party. It wished to eliminate the accidental and transient control of the national Democratic machine by Tammany Hall, of New York City. Having joined in the movement to put Herbert Hoover in the White House by an immense national sweep, the South made haste to resume its leadership of the Democratic forces in both houses of Congress. The mid-term election of 1930 showed the pendulum moving away from Republican domination.

## Mr. Hoover's Path Was Blocked

THUS THE REGULAR Democrats outnumbered the regular Republicans in the Senate, and the irregulars (nominally Republican in the primary elections of several western states) stood with the Democrats as an unshaken phalanx against the Hoover administration. When in the election of 1930 the Democrats had eliminated the small Republican majority in the House of Representatives—while strengthening the coalition against Hoover in the Senate—the country was in a sad predicament.

As we remarked last month, there may be humdrum years when government by deadlock is not harmful. Compromises at such times are worked out at Washington, and the country gets along with a type of federal administration whose activities are retarded though by no means paralyzed.

When, however, the nation is experiencing unusual difficulties, government by deadlock may prove extremely harmful. Even the nominal leaders of the Democratic party in the House of Representatives during the second half of Mr. Hoover's term were ashamed of the behavior of the rank and file; and in more than one important controversy they endeavored to support sound measures at the President's urgent demand. Mr. Hoover's efforts were patriotic, non-partisan, highly intelligent. Congress was ruled by great lobbies. It also was non-partisan, while shamelessly unpatriotic, utterly scornful of intelligent control, and as free from a sense of responsibility for its conduct as a cattle-stampede on the western plains.

## The Depression Was Bound To Arrive

WE MAY BE SURE that American political history will be correctly written in due time. The speculative bubble that collapsed so disastrously in 1929 was not the creation of Mr. Hoover or Mr. Mellon. It was the fault of everybody who had participated in those excited adventures on the flying trapeze of prosperity. And this means numerous citizens in every one of the forty-eight states. Cotton planters in the South, and the plungers who converted cattle ranges of Kansas, Oklahoma, and Texas into wheat fields, were as guilty of the collapse of 1929 as were the millions of citizens who borrowed money to gamble on the securities and commodities exchanges of New York, Chicago, Boston, San Francisco, and other cities.

Ministers of the gospel, college professors, and officials of the American Federation of Labor were not immune from this speculative fever. No Democrat of robust mentality, capable of understanding the obvious, could seriously suppose that Mr. Hoover, Mr. Mellon, and Ogden Mills were the architects of panic and depression. They were trying to uphold the public credit.

The chief immediate impulse that precipitated the financial storm—already brewing here—came from Europe. The war period had given our external commerce an abnormal and wholly artificial expansion. We had continued to foster it by public and private lending. Even after the war was over, the Wilson administration tossed along additional billions of dollars to great European governments.

If the borrowers had sold their own bonds directly to American investors, they would not have dared to default. Loans granted by our Treasury gave the Euro-

pean governments a subsequent opportunity to misrepresent the facts to their own people. Our stimulated commercial and financial activities in the foreign field were as certain to react as the movement of the planets in their courses.

## Remedies Must Be Non-political

WE ARE NOT SO narrow-minded or unfair as to blame individuals of the Wilson administration for the needless costs of the war, or the reckless loans made to dishonest European governments. Nor would we blame them too much for the ballyhoo that made everybody buy bonds for loans to Europe "to save the world for democracy". Our official leaders were short-sighted; but so were most of their fellow-citizens regardless of party. Europe had been plundering America, Asia, and Africa for five hundred years; and we had been foolish enough in this twentieth century to forget George Washington and Andrew Jackson—not to mention Abraham Lincoln and Grover Cleveland—and to allow ourselves to be fleeced more supinely than any other nation in modern history.

We have had our experiences and, except for a few individuals who profited greatly, we are all paying for those experiences through trouble, toil, and pain. It was the war that produced the phenomena of speculative enthusiasm and false prosperity. When one political party blames the other, whether for expansion or collapse, it is merely the pot calling the kettle black.

Meanwhile, politics will not supply the principal remedy. There can be no sound recovery, except by one method. Everybody must have the courage to work harder than usual for smaller gains. The theory that recovery may come by having everybody work as little as possible while insisting on more than normal pay, goes against common sense and against all human experience. It belongs with that other foolish theory that prosperity can be produced by paper-money inflation. Strikes fomented by bandit agitators cannot get money out of the empty treasuries of closed factories, any more than Dakota farmers last summer could get water out of their dried-up wells.

## Mr. Roosevelt Now Free to Consider

FORTUNATELY, the election emancipates Mr. Roosevelt and his administration. The results are sweeping enough to have gone beyond all strict bounds of partisanship. It is nominally, of course, a Democratic victory. In reality it is America's announcement to the world that this country proposes to support leadership at a time when entanglements would grow worse if there were no authority to deal with them. It was not strictly a party fight. But it was clearly a Roosevelt victory.

We may cite a series of political events culminating in this year's election. Franklin D. Roosevelt's nomination now seems remote, although barely two and a half years have elapsed. It was an intra-Democratic affair. The election that followed was national, and its results were not a personal victory, as was the nomination. The country would have elected the Democratic candidates just as sweepingly if Mr. Baker, Mr. Ritchie, Mr. Garner, or some other Democrat had headed the ticket.

That situation also lies well in the background. We come next to the conditions which were confronted by Mr. Roosevelt when inaugurated in March, 1933. Con-



gress assembled immediately, and for the first time in several years there was co-operation between the White House and the Capitol. The President assumed leadership with a gallantry that inspired both confidence and enthusiasm. Congress conferred upon him extraordinary powers. Those powers could be exercised only through improvised emergency organizations on a vast scale.

The two facts that the federal credit was maintained and that the banks as the life-blood of every-day business were restored to health and safety, were enough to carry the prestige of the Administration through the year 1933, in spite of some disappointments after mid-summer.

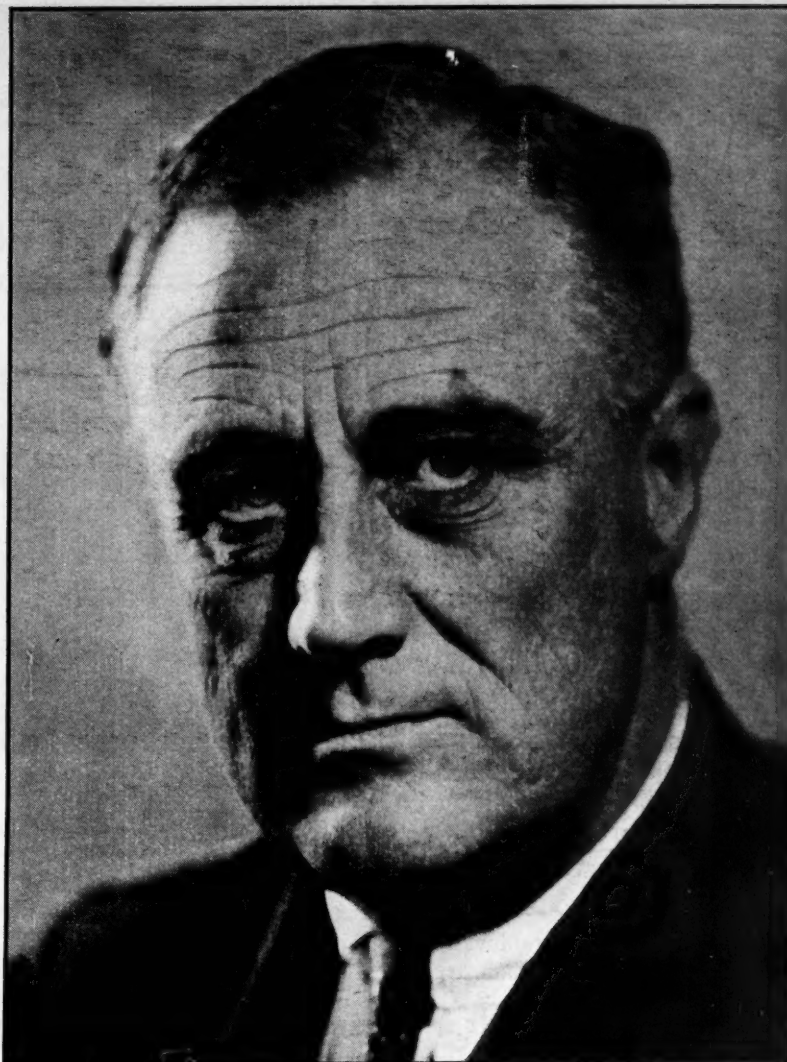
A fresh test came with the final session of the Seventy-third Congress, which met in January of the present year. There was serious pressure for currency inflation. It was met by a silver policy which could be criticized with excellent logic by experts and economists. But the policies of the President were in fact accepted by Congress in lieu of a kind of monetary legislation that would have been regarded by most business men as harmful to everybody.

If we should express our frank opinion as to certain phases of the National Recovery Administration that seemed as fantastic as comic opera, we should be dealing unfairly with things of serious importance unless also we emphasized the further fact that the clap-trap stuff was quite evanescent, while the NRA was accomplishing some things that were in the nature of permanent and desirable reform. Before the political campaign had set in—several months ago, in fact—the NRA was undergoing reconstruction, with the approval of the President, and with the advice and consent of its retiring head, General Johnson.

The Agricultural Adjustment Administration was trying out some exceedingly novel and even questionable policies. These had been to a great extent forced upon it by the agricultural bloc in Congress. The honesty and frankness of Secretary Wallace had proved a genuine political asset to the party in power. That he was doing his best, with courage and openmindedness, was manifest to the producers on the farms not less than to the consumers in the cities. But the AAA experiments, like others, will stand or fall on their merits.

### Relief Is Likely to Be Investigated

IN THE THICK of the campaign, the criticism of the Government's distribution of direct relief to the unemployed was not without some unpleasant reflections upon its motives and methods. An improvised system that pays out billions of dollars to support families whose bread-earners happen to be out of work is wholly unprecedented. To organize and operate it without serious risk of abuse and scandal would be impossible, since human nature is as greedy and selfish as ever. This direct dealing with families and individuals on the part of the federal government might have been justified



FRANKLIN D. ROOSEVELT now turns his attention from candidates and platforms to pressing problems of relief, unemployment and the budget.

in some extreme regional emergency, like the western drought of last summer.

But already the tendency at Washington is to put the responsibility where it belongs, namely, upon states and local communities. England is a small, compact country with a centralized government. There are no constituent divisions, like our sovereign states with their law-making and administrative authorities, and unemployment problems are a concern of parliament. Mr. Roosevelt has been a Governor; and he knows that the support of social progress and reform in New York State cannot be transferred from Albany to Washington. At the recent election the people of New York authorized a state bond issue of forty million dollars for unemployment relief.

In short, the business of emergency relief will adjust itself in due time. Those unemployed people who imagine that the federal government can go on making it quite comfortable for them to live in idleness, while they wait around for a particular kind of job, at rates of pay fixed by trade unions, ought to be disillusioned in short order. Some unworkable doctrines have been foisted upon the Administration. Now that the election is over, only fools will pretend that Democrats are more merciful to the poor and needy than are Republicans. It is to the credit of Mr. Harry Hopkins, meanwhile, that he could meet his critics without fear of any very damaging exposures. Doubtless he would



FRANK F. MERRIAM (left), Republican, will succeed himself as Governor of California. He came to his office accidentally, through the death of Governor Rolph. He declares his election "a rebuke to Socialism and Communism" and attributes his success to "positive adherence to sound and tested methods in government and economics". MARTIN L. DAVEY (right), Democrat, will be Ohio's next Governor. Long identified with the tree surgery company established by his father, Governor-elect Davey has led an active public life since 1919, when he first became a Congressman.

welcome a Senate investigation, with Mr. Borah as chairman of the committee.

### They Can Now Afford to Be Frank

IT BECAME SOMEWHAT embarrassing to President Roosevelt that Mr. Farley's organization workers throughout the country were presenting figures to show how much bacon the Democrats had brought home from Washington to every Congressional district. Secretary Ickes had been criticized at first for being so hesitant and exacting about spending public-works money upon suggested projects. But more recently he has been criticized for adopting projects too recklessly.

As a matter of fact, Mr. Ickes is a conscientious administrator without much bias of partisanship. Since, however, he has spent most of his mature life as a critic of lavish and corrupt politicians, he must not be too thin-skinned when the tables are turned. In all the history of the world no man ever had as much authority over public-works expenditures, considering sheer volume and variety, as the Secretary of the Interior himself is now exercising. He has come through the campaign with no damage whatever to his fair name. He has no occasion, therefore, to be querulous, or to retort with sarcasm.

If fair-minded citizens want to know the Secretary's views about distributing millions that belong to the whole American people in order to put the United States government into the business of supplying localities with services of electricity or transportation, he should be as open, frank, and obliging as a member of the British cabinet would have to be, in meeting queries of that kind in the question hour on the floor of the House of Commons. Now that the election is well behind us, let the officials at Washington—the extras and the regulars

—take us all into their confidence with definiteness and precision. We would prefer to commend their efforts.

During our election week a French cabinet of remarkable talent and prestige under the premiership of a former President, M. Doumergue, was breaking to pieces on the rocks of political discord. The British government, in contrast, was standing firmly, and dealing skillfully with various problems, because of its own position of unquestioned stability. The British system requires accord between the executive government and the Parliament. The French system does not provide for such harmony. French ministries would not change so often if each change required members of the Chamber of Deputies to go back home and stand for reelection. They are secure in their four-year terms, Premiers and Cabinets are set up and knocked down with reckless frequency. M. Doumergue was demanding constitutional changes to strengthen the executive.

At the present time we need in this country a government that is stable and efficient through coöperation between the President and the Congress. This does not mean any magical efficacy in the Democratic party, as such. It means an endorsement of the leadership of President Roosevelt so complete that he may feel himself under no obligation at all to politicians. This endorsement came, not through the crude methods of Mr. Farley's campaigning with its appeal to the Democratic appetite for public jobs, but, on the contrary, it came in spite of the more unworthy aspects of partisanship. We have all been trying to set the President on a pinnacle well above such partisanship, so that he may see his duty through a clear atmosphere. Yet under our party system the desired stability requires Democratic organization of Congress committees.

That beneficiaries of government policies should have been inclined to endorse the President was natural enough. It is to be remembered, however, that Republican candidates for Congress were not threatening to turn the cold shoulder upon the unemployed. A great number of Republican candidates—some of whom were elected while more of them were defeated—expressed their purpose to uphold the Roosevelt policies, as reasonable modifications might be made in the light of experience. But a Republican victory, if such a thing had been possible, would have set up a party leadership in Congress that would not at this time have been promotive of stability. The instinct of the country—wisely as we believe—was averse to the idea of deadlock or of too sharp challenge, in view of the country's situation.

It is to be hoped that Postmaster-General Farley can be restrained in his more congenial functions as Chairman of the National Democratic Committee, and that the Administration can go along for at least a year in forgetfulness of party politics. The President is far more



adroit and tactful than was Grover Cleveland; but he may now safely follow Mr. Cleveland's example in exercising the quality of firm resistance to dangerous measures. "Emergency" is no longer a final answer.

### Democracy Has Its Factions

IF THE ELECTION endorsed the President, it also gave a mandate to Congress. This mandate was to the effect that the times require coöperation, and that Congress should accept rather than resist presidential leadership. Public opinion must rally to the President's support, in case of reckless proposals on the part of Congressional majorities.

In the Congress that assembles on January 3, the Democrats will have more than two-thirds majority in each house. This ratio means little or nothing, however, as regards measures and policies. The election brought most Democrats back as avowed supporters of the New Deal. Not one of them could clearly define that phrase, but their purpose was plain enough. They were pledged to stand with the Administration, in order to give the country a unified and vigorous government under White House leadership.

Parties have no claim to permanence except as they adapt themselves to the needs of changing times. Seventy-five years ago the declining Whig party had a new birth in the rise of the party of Abraham Lincoln. The new party was idealistic and terribly energetic; but, in the very nature of its origin and earlier history, its character as a sectional organization could never be forgotten or forgiven south of the Potomac river. Democrats like Mr. Farley are now informing us that the Republican party is not likely to recover from this last defeat. There is no reason at all for its recovery (unless to serve the personal ends of professional politicians) if the country has no need of its services.

But the Democrats should not be too boastful. In times past their party has had no true coherence. It has been a coalition of factions, each having its own reason for opposing the dominant Republican party. The largest of these factions has been the solid South. This, however, has been merely a sectional attitude, reminis-

REPUBLICANS found balm in the election of Harold G. Hoffman (below) as Governor of New Jersey. Hoffman's personal appeal to the electorate enabled him to withstand the new deal tide. He has been commissioner of motor vehicles for New Jersey since 1930.



FIRST DEMOCRATIC Governor of Pennsylvania in 44 years is George H. Earle, recently Minister to Austria. Mrs. Earle accompanies him at the voting booth. Mr. Earle's running mate, "original Roosevelt-man" Joseph F. Guffey, left arch-Republican David A. Reed behind, and is the state's first Democratic Senator in 60 years.

cent of the past. A more national faction of the Democracy was that which the late William J. Bryan represented, mainly Western and radical. The most compact and the least scrupulous faction was the organization of city masses, dominated by Tammany Hall of New York.

The fourth faction was that of the old-fashioned Eastern conservatives, represented by such leaders as Grover Cleveland, Judson Harmon of Ohio, Mr. Olney of Massachusetts, Judge Parker of New York State, and many others. By inheritance Franklin D. Roosevelt belongs to this fourth group, while Mr. Farley is altogether of the Tammany type. The Bryanites are still strong, with Vice-President Garner inclined to that school of thought; while the Southerners of every conceivable shade of political opinion have one solitary point of agreement, namely, calling themselves Democrats. Carter Glass and Huey Long are both "good Southern Democrats", regardless of minor differences.

### Will Two Unified Parties Emerge?

IT IS QUITE possible that Mr. Roosevelt might so weld these groups into a party of genuine ideals and constructive policies as to give it more than nominal unity. This is what Woodrow Wilson tried to do—succeeding well in his first term, but failing in his second term when the War mania broke down his resistance.

On November 7, Mr. Newton D. Baker, speaking before the Academy of Political Science in New York, made a magnificent plea for world peace. He would have



the United States take a cordial part in reconstructing the League of Nations, to make that organization trustworthy and efficient. It will require leaders as lofty in purpose as Mr. Baker, Mr. Hull, and others who might be named, to lift the Democratic party to a permanent level of consistency and high moral purpose.

The Republican party at the present time is even more in need of a rebirth of moral character than is the party now in power. In some states the Republican rank-and-file is distinctly superior, in its capacity for carrying on good state and local governments. But the party as a whole has lost much of its former coherence and definite nationalism. Its Eastern leadership has perhaps become too conservative, or too much dominated by financial and industrial interests. Business demands a party that will stand for its rights, while upholding individual freedom with due regard to the common welfare. If it is to live and prosper, the Republican party must be sincere and progressive without being radical. It must welcome young men and women, without rejecting the counsels of its veterans.

The campaign in New York State disclosed the need of Republican reorganization. Judge Seabury, who would have accepted the nomination for Governor (having led the movement for municipal reform in New York City), was rejected by the men in control of the Republican machinery. Robert Moses was nominated as a surprise to the state. Mr. Moses is the head of the Park administration for the five boroughs of New York city, and is honorary chairman of the state park system. Behind the scenes, he was one of the two or three people whose expert knowledge supplied the quick-witted Al Smith with his facts and his arguments during his several terms as Governor. There was no chance to elect Mr. Moses; but his campaign was startling in its sharp analysis of conditions and in its prodding of Democratic short-comings. It would be fortunate for Governor Lehman if he were less dependent upon compromises with Tammany, and could shape his policies upon the advice of men of such ability as Robert Moses.

### The Picturesque Sinclair Incident

THE SUDDEN RISE and fall of Upton Sinclair as the Democratic nominee for Governor of California was one of the picturesque incidents of a campaign that had many local diversions. Mr. Sinclair has long been a writer of books of unsparing denunciation. Much that he has written has been grotesquely unfair, absurdly ill-informed, and violently prejudiced. But some things written in his earlier years helped to advance particular reforms, especially in the field of industrial labor conditions. A number of years ago Mr. Sinclair shook off the dust of New Jersey and went to California. This year he decided to enter the Democratic primaries as candidate for Governor, with the result that he defeated the capable George Creel. At first the party leaders of California, including Senator McAdoo and Mr. Creel, repudiated the Socialist who had invaded and captured their primaries. But Mr. Sinclair came East, spent two hours with President Roosevelt, and went back home with the feeling that he and the President were in glowing accord. He was the happiest candidate in America, as Messrs. Farley, Creel, and McAdoo rallied to his support, accepting him as a New Deal Democrat.

Before Election Day, however, the manifest alarm that had spread up and down the state of California,

driving capital away while hoboes were arriving by the thousand, could not be ignored. Sinclair was not going to be accepted by California. Mr. Creel was authorized to speak for the Democratic leaders in their abandonment of the candidate. A Republican who refused to criticize the President was elected by a large majority.

It was at least creditable on Mr. Sinclair's part that he should believe it possible for California to "end poverty" within its own bounds. We also think it entirely possible. But we would accept no part of Mr. Sinclair's program. We would make every able-bodied person work doubly hard for his own support; and we would compel communities to reduce taxation, while capable citizens displaced politicians and rendered community service at little or no cost. Mr. Sinclair can ex-coriate, but he cannot construct. He will never lead California out of the miseries of economic depression. But that state can redeem itself, and show other states how to do it, if it will face the job in a "close-up" way, analyze the actual situation, rebuke public and private extravagance, and work out its own salvation.

In studying what Mr. Clapper describes as a revolution, various off-year local situations must not be overlooked. Comparing sum-total of votes with 1932, Democrats lost more than twice as many as Republicans. Proportional representation would have given the Republicans almost half of the new Congress. In Pennsylvania, a hundred Democratic votes stand against about ninety-five for the Republicans.

### Let's Prepare For a Cheerful Christmas

OUR NEXT NUMBER will appear before Congress meets on January 3. It is our opinion that the President will be prepared to make a good statement to the law-makers. He knows that the country is eager for his growth in wisdom, and for his success as a leader. We Americans have our troubles, but surely we would not change places with any other country.

As these words are written, a capable doctor whose duties take him to various clinics—in suburban villages, as well as in New York city—tells the writer that he sees thousands of people who come for free medical services at the hospitals, all of whom are well-clothed and evidently well-fed. There is less distress in the United States than anywhere else on the habitable globe. We must again pronounce ourselves highly skeptical, as regards the interpretation too commonly given to the formidable statistics of unemployment.

The brilliant success of the Century of Progress Exposition at Chicago, which ended its second season on October 31, showed us what an American community could do for itself in years of depression without government aid. Mr. Henry Ford's announcement of his plans for producing a million cars in 1935 also strengthened the confidence of the country in its own ability to go forward. Radical improvement in locomotives and passenger cars, as exemplified in the Union Pacific Company's sensational stream-line train, is attracting the attention of the entire country. The railroads have had adverse conditions to meet, chief of which are confiscatory taxation and hostile regulation. But if Washington gives them fair play they may yet recover much of the ground they have lost. Business is now on speaking terms with the Government, and the process of recovery may begin definitely at some time within the coming year.

# In the Shadow of INFLATION

THE INVESTOR'S problem is always the threefold one of safety, income, and liquidity. Under existing conditions in the United States, investors are finding it difficult to realize any of these postulates.

By EDWIN WALTER KEMMERER

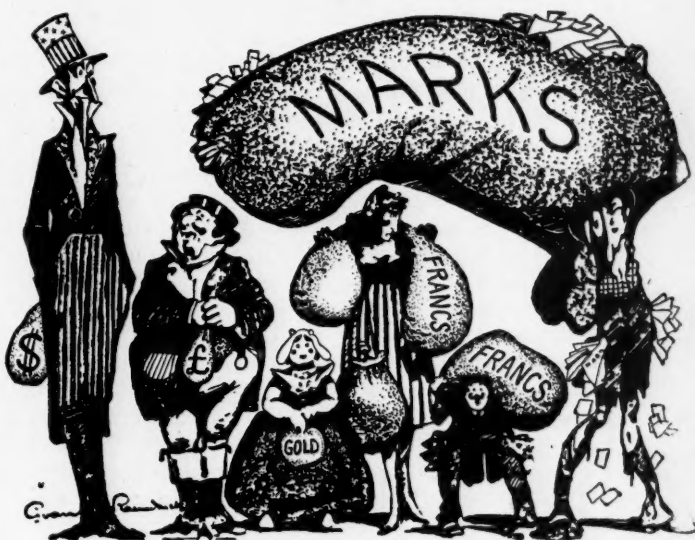
**Y**IELDS in general are low and extremely uncertain. The national income fell from about 83 billion dollars in 1929 to 39 billion in 1932. In the three years 1930, 1931, and 1932 the proprietors of our principal business concerns paid out over 23 billion dollars in excess of what they received. High taxes are pressing heavily upon industry. Competition in business on the part of the Government is being increasingly felt. Wages are being regulated upward, hours of labor downward, and many prices are being artificially held down by governmental action. Governmentally imposed moratoria on debts and governmental suspension of specific contractual obligations are common.

Liquidity is being continually jeopardized. Increasing, uncertain, and often arbitrary regulations of our great markets; quotas, exchange regulations, and similar restrictions on our foreign trade, are all decreasing the liquidity of investments.

In these days of instability and uncertainty, however, the outstanding consideration for most investors is safety of principal. In the conservation of the principal of most investments there are three important general factors, all of which are today in a state of great uncertainty: (1) the income, actual and prospective, that will be capitalized to constitute the *corpus* of the investment; (2) the current rate of interest at which the income will be capitalized; and (3) the value or purchasing power of the dollar in which the obligation will be paid.

No matter what the original cost of a plant, and no matter what its reproduction cost, the value of the concern as represented by its outstanding bonds and stocks cannot long exceed its actual and prospective net income, broadly interpreted, capitalized at the current market rate of interest. If the depression continues, and if the Government insists on restraining or destroying reasonable industrial profits by competition, taxation, and unreasonable regulations, the *corpus* of private investments will be further greatly impaired or destroyed because of the impairment or destruction of their income-yielding power.

The lower the prevailing interest rate, the higher the capitalized value of a given income. What will be the interest rate during the years immediately ahead? At the present time interest rates on safe investments are exceedingly low, short-time rates on the highest grade investments being almost at the vanishing point; and these abnormally low short-time rates are tending to push down long-time rates. Cheap money and lots of it are spelling low short-time interest rates. However,



From *De Amsterdammer* (Amsterdam, Holland)

THE MORE MONEY he has, the poorer he becomes  
—a Dutch view of Germany's predicament in 1923.

as soon as this redundancy of money becomes thoroughly effective in pushing up the price level—as it sooner or later will—rising prices will create an artificially stimulated prosperity, increase the demand for capital, and push up nominal interest rates.

This, in my judgment, is the prospect in the United States for the *immediate* future, i.e., comparatively low profits due largely to radical governmental policies, higher interest rates, and rising prices.

## Common Stocks Now Preferable

Since both prices and interest rates will probably tend upward, it follows that the cautious investor, instead of lending money now through the purchase of bonds, should use his money for the purchase of durable commodities, real estate, and corporate equities. Carefully chosen high grade common stocks now, as an investment category, are preferable to bonds; and well distributed second grade bonds are preferable to first grade bonds.

The securities of those corporations that are the least liable to government regulation and price control, and least liable to the consumers' strikes and to the labor troubles that are increasingly common in times of rising cost of living and lagging wages, should in general be chosen in preference to the securities of railroad corporations, public utilities, and the producers of other so-called necessities of life.

Of course, here as everywhere the principle of compensation applies. The shift away from high grade bonds to equities and to lower grade bonds tends to push down the prices of the high grade bonds and to push up the prices of the equities and the lower grade bonds. This movement may be carried so far as to overshoot the mark. The more the public realize what is likely to happen, the more the future is anticipated and discounted.



The man who best protects the *corpus* of his investments is the man of intelligence, foresight, and courage—intelligence to understand the fundamental principles at work and correctly to interpret the dominant political forces; foresight to see the time and the direction in which things are moving, and courage to act quickly.

### **Inflation Becomes a Habit**

We hear much of controlled inflation, but because inflation is so much a matter of mass psychology and of powerful political clap-trap in the winning of votes, controlling inflation is like controlling the opium habit. The supply of money and circulating credit which must be controlled is even more a matter of the velocities of their circulation than of the number of units in circulation, and these velocities are largely matters of public confidence—confidence in the business situation and prospects on the one hand, and confidence in the currency on the other hand. And confidence in times of stress and strain is to a great extent a matter of volatile mass emotions which are extremely difficult to control.

When prices rise under the stimulus of inflationary forces the costs of government likewise advance, and the Government therefore needs continually increasing revenue. But the rising cost of living, with the usual lag in wage advances, makes the public increasingly resistant to increased taxes. For the obtaining of the additional revenue required to meet such situations the pressure is therefore strong upon both Congress and the executive to resort increasingly to inflation rather than to heavier taxation. Inflation is subtle and insidious in its workings, and the public are much slower in realizing the costs of government financing effected through inflation than they are in feeling the burden of increased taxes.

Financing through inflation, accordingly, tends to become progressively the line of least political resistance, and this policy therefore is continued until it terminates in disaster.

There have been many cases in history, including the notorious assignats of France at the time of the French revolution, the bank-note inflation of England a few years later, and the war-time inflation of the German mark, in which for substantial periods of time—in some cases running into years—inflation was moderately well controlled. But never, so far as I know, has a government-controlled inconvertible paper money inflation been an enduring success. Sooner or later it has always broken down and usually with disastrous results. Certainly political conditions in our own country are extremely unfavorable for the success of such an experiment.

### **When a Trillion Marks Became One**

To those who believe that our economic problems can be solved by increasing the supply of money, let me ask you to think over for a moment a few facts concerning the post-war inflation in Germany, an inflation which was caused chiefly by the German Government's desire to obtain revenue in a much larger volume than it could obtain it from ordinary taxes or from the sale of its bonds to *bona fide* investors.

I have before me a German Reichsbank note which, after the German stabilization in 1924, was worth two gold marks, or approximately a half a dollar of American money of that date. It is a two-trillion-mark note.

At parity in terms of our present American dollar it would be worth 800 billion dollars. It would pay off about thirty times over the entire United States national government debt. Or it would pay twice over all debts in America, public and private, and leave a margin sufficient to pay twenty times over all the war debts due to us by the Allies.

Up to practically the time when this money was retired from circulation, at a gold rate of one trillion paper marks to one gold mark, and when prices in Germany averaged hundreds of billions of times higher than they had prior to the inflation, there were still widespread complaints that there was not enough money in circulation in Germany.

Furthermore, while this money was going down the toboggan at this terrific rate, it was backed almost mark for mark by German government bonds, and these bonds during most of the time were selling at near par in the German markets. The German Central Bank issued the notes to buy the bonds from the Government. The notes were secured by the bonds, and the bonds were payable in the notes. The sky was the limit, and the total issue of these notes at one time was about 497 quintillion marks.

The gold reserves of the German Central Bank, which were held primarily against these notes, at the end of December, 1922, were worth at current exchange rates in Berlin on New York nearly eight times as much as the total volume of these notes in circulation at the time. The gold reserves had practically no effect upon the value of the notes because they were not used. The notes were not convertible.

### **He Who Has Saved Pays the Bill**

By cheapening the value of the dollar in which all debts are payable, inflation obviously tends to help debtors at the expense of creditors. There are certainly many worthy debtors in the United States who are suffering hardships from the rise in the value of the dollar which has taken place since 1929—a rise which I believe even without artificial inflationary measures would have been but temporary.

We should all sympathize with the granting to hard-pressed and worthy debtors of temporary assistance through governmental agencies and otherwise, to enable them to meet such an emergency. This, however, is a very different thing from a permanent writing down of all debts by a policy of drastic inflation. The greatest debtors in the United States on long-time account are not the farmers with their 8½ billion dollars of farm mortgages, but the stockholders of our corporations with their 36 billion dollars of bonded indebtedness. And the greatest creditors are the people who own these bonds.

A large part of our bonds and mortgages is owned by insurance companies, savings banks and other banks, universities and colleges, scientific, charitable, benevolent, religious and other welfare institutions in their endowment funds, and by other beneficiaries of funds held in trust. A heavy inflation would take funds from the creditor and give them to the debtor. Although helping certain classes like farmers, home buyers with mortgages on their properties, and others who are really suffering under the burden of long-time debts during this temporary period of abnormally low commodity prices, any inflation resulting (*Continued on page 62*)



IF YOU don't like something, say so  
—to the man at the top. Progressive modern executives find complaints a golden source of new ideas for building good-will and for improving their products and services.



R. I. Nesmith  
& Associates

## It Pays to Kick

By JOHN R. TUNIS

**A** CUSTOMER went once to the late E. M. Statler in Detroit and complained because a morning newspaper in the hotel lobby cost two cents more than it did on the street, and because cigarettes at the same stand were also higher. Mr. Statler decided that the complaint was justified. Within a week he abolished these extra charges, not only in his Detroit hotel but in the entire chain across the country. The first year alone that move cost Mr. Statler \$40,000.

Did you ever come out of a restaurant and find yourself fumbling with a quarter because you hadn't a dime to give the goddess behind the counter for your hat? Remember, also, how you grumbled to your wife that you had paid for the old lid about ten times over, and how you said you were going to write a letter about it? Did you ever take the trouble to do so?

Probably not. You continued to growl but never kicked to headquarters. A more public-spirited citizen did take the trouble to kick. He wrote to Mr. Statler—so vehemently that the far-seeing hotel executive took the matter up, and again decided the customer was right. So he abolished the hat check tip in his hotels all over the United States. That move set the management back another \$25,000 yearly. But it made millions of friends. All because one man made up his mind to kick.

Does it pay to kick? Certainly did in those instances, didn't it? But be specific when you kick. And always kick to authority. Don't argue with a ticket-taker, a conductor, a bus driver, or some minor official with no power. Write directly to the president of the company.

It pays to kick. As an old varsity kicker I know what I am talking about. Last spring I happened to be traveling on business to Wilmington, Delaware, a trip in which the service both on the Pullman and in the diner was far from satisfactory. On returning I wrote a line to General Atterbury, president of the Pennsylvania Railroad. A rather grouchy letter, I am ashamed to admit. Then of course the whole thing went out of my mind.

Three days later a gracious word came from General

Atterbury himself, thanking me for calling attention to the bad service and stating that Mr. M. N. Luthie, one of his vice-presidents, would call to straighten things out. When Mr. Luthie arrived he thanked me for pointing out the trouble specifically, for mentioning the time, train, and car.

Most persons think the railroad isn't going to bother about their own particular little trouble. It is. For instance, Mr. Luthie told me that an entire schedule has been altered, and even fast trains have been stopped at certain stations, due to lone protests. Once they received a kick that, instead of costing them money, was a big money-maker. "Your meals are too expensive", said a traveling salesman. "Why not install cafeterias on your fast trains for folks who don't want to pay \$1.65 for a luncheon?" They tried the scheme, and it has been a great success from the start. Corporations today are more anxious than ever to get complaints that will enable them to rectify and improve their service. Frequently the resulting ameliorations are a vast help to business.

In the New York Public Library students kicked because the trucks carrying books from room to room made so much noise they couldn't work. The authorities got busy and devised a special truck with rubber tires that was noiseless; an improvement which was welcomed by employees and users of the library alike.

### Big Feet or Small?

The president of a shoe store chain told me recently that his firm made not a cent of profit and usually lost money on odd sizes. Obviously my question was: Why carry them? Because of kicks! A six-foot-four giant, or a five-foot-two-inch woman, used to come into a store and ask for a shoe to fit. When there was no such size in stock they would go away grumbling. Now the concern keeps these sizes, knowing that money will be lost in selling such shoes; but expecting that a satisfied customer with an odd-size foot will tell his friends and family who wear more normal shoes.

Big corporations today are organized to deal with

criticism. Mr. F. L. Hallock, of the Consolidated Gas Company of New York, is chairman of a customers' criticism committee. He showed me his "Service Criticisms Report" for last year, in which are listed and broken down into causes all the 2365 complaints received. It may interest you to know that 1167, or 49 per cent, were under the head "Employee Carelessness". Only 526, or 22 per cent, were labelled as "unjustified".

Ever get a little item on your bill called "Arrears", just after you had paid it? Made you mad, didn't it? Kicks coming into the office of the gas company showed that this riled more folks than anything else. Frequently after bills were made out and given to collectors the customer would voluntarily pay up. Yet that arrears remained there on the bill. This annoyed the customers and naturally so, consequently now bills are kept up to the minute and the item removed whenever paid. A great source of trouble has been avoided on account of the kicks received.

### Dramatizing Your Complaints

One large telephone company actually dramatizes your complaints. They are adapted into a play which is worked out on a regular stage, with a cast made up of telephone operators and employees. They go from city to city in the company's district, showing dramatically just what the customers dislike. Thus Scene I will portray the installation man finishing a job in Mrs. Taylor's living-room and departing, with the shavings from woodwork all over the floor. Scene II shows the same room with the same man sweeping up those shavings and saying: "Madam, where can I put this?" The company figures that these little dramas of real life cost about \$50,000 a year; they also consider them worth every cent to satisfy their customers. Each playlet, and there are many, is the result of a kick that has come in from some telephone user.

Often the man who kicks is performing a real public service. In our little town an insignificant housewife wrote to the Mayor complaining of the double parking along Main Street each morning. It seemed that huge trucks delivering goods to the local merchants would often stand with their engines running beside parked cars for half an hour, blocking traffic and causing great inconvenience.

Everyone growled but no one did anything until this plucky little woman took up the matter with the chief executive. He investigated and found that the head of the Police Department, for reasons best known to himself, had permitted the evil. One warning, however, was sufficient. In two hours Main Street was cleared of the trucks that for years every morning had made it resemble the Grand Canyon of the Colorado. This woman, a lone citizen, by that single letter performed a public service for which everyone in town is now thanking her.

Kicking has been responsible for some of the greatest material progress in America. Anyone who has ever traveled abroad knows about the inefficiency of the telephone service of Great Britain, the waits and delays of the railways of Spain, the dirt and general slovenliness of the postoffices in France. There might be great improvement in the public services abroad if Europeans didn't take all this as a matter of course—if, instead of meekly accepting it, they kicked as Americans are inclined to do.

Ever notice the maps of the United States on the

sides of taxicabs of a big chain all over the country? These maps are the direct result of a single kick by a man in Denver, Colorado, who complained because he always got into gyp taxis by mistake. Why didn't the company adopt an easily recognizable trademark? The suggestion was seized upon, and inasmuch as their fleet is to be found in every large city all over the land, they use that map painted on the taxicab's side to identify their chain and thus assist clients.

The president of another big taxi corporation told me how a client saved them thousands of dollars a year by a single complaint. The customer was a dear old lady from the country who was frightened by the bandits driving taxicabs in the great metropolis, when she came to town to visit her son. So she wrote in, asking please would the concern put their men in uniform? They acted on her idea to the extent of giving each driver a cap and number and then watching results. A careful check-up showed the men of their concern were obtaining 2 per cent more patrons than before, which meant increased earnings of about 16 to 18 cents more than previously. With the 2000 cabs of this organization throughout the city, that sum in one year meant additional earnings to the concern of \$131,400.

Mr. J. R. Marsh, president of the Carbide and Carbon Realty Company, explained that a tenant in one of the large office buildings complained because callers tracked mud and slush into his suite of offices. He suggested that carpets be laid on the cork floors of the elevator cabs to act as blotters. The result was so satisfactory that the realty company arranged to have these carpets placed in all passenger elevators in their office buildings and factories in New York, San Francisco, Cleveland, Chicago, and Kansas City.

### Rockwell Kent vs. Railroad

Rockwell Kent, the artist, showed us all the value of individual protest some years ago. He had a farm up in New York State near Plattsburg, and one day the railroad serving the vicinity with a small branch line decided to abandon the branch because the local farmers were using trucks to haul their stuff to town. Kent protested bitterly to the company. They reconsidered their withdrawal, but finally put it through. He went on to higher authority, finally ending up with the Public Service Commission of the state. After a hearing in which he alone defended his side of the case, the Commission agreed with him and ordered the service restored. One man defeated a railroad!

Each summer, lately, more and more men have been going without hats, and the hat manufacturers are worried. How much of this increase in the hatless vogue is due to the fact that we have to re-buy our hats several times a year, no one can state; but undoubtedly it has been a factor. If the hat manufacturers were smart, they would raise a fund to pension off all hat-check girls from Maine to Montana. They won't. Yet we could abolish this silly custom, you and I, all by ourselves. Suppose everyone who reads this article wrote a letter of protest to the hotel, café, or restaurant where he last bought back his hat. Well, within two weeks the racket would be busted—and we wouldn't need to sneak into a dining-room with our hats under our arms any more.

Does it pay to kick? You bet it does. Try it and see for yourself.

IS GANDHI A SPENT FORCE? INFORMED critics by no means consider him so. Things move slowly in the Orient, far removed from the frantic strivings of the restless West. But Gandhi, apostle of leisurely non-coöperation, can afford to wait. His Indian Nationalists carry on their campaign in a country of 360 millions, awaiting the conciliatory British Labor Party's return to power, which may be expected by 1936. The great Mahatma, in and out of jail, embodies principles which London financiers and Manchester textile-millers find it next to impossible to beat. Gandhi should be regarded primarily as a George Washington, although he is also a social reformer. Meanwhile, the deadly Indian boycott frustrates British merchants, while cut-rate Japanese thrive commercially in Hindustan to J. Bull's horror.



From Kladderadatsch (Berlin)

## Is Gandhi a Spent Force?

By GERTRUDE WILSON POWELL

MISS MURIEL LESTER, social-minded head of Kingsley Hall, London, is the British Jane Addams. She relates what one of her workmen said, "Gandhi as a little bloke with a funny face—that's how the papers had shown him to us. But he wasn't that sort of chap at all. . . . When we saw him for ourselves we found he was a fine chap, laughing and jolly, nothing out of the way at all. I watched all his ways. I reckon he was a man you must admire. . . . Then look at his prayers. I'm not religious myself, but I think it was grand the way that man got up at three o'clock every morning and never missed. And, mind you, he often didn't get home until one or two o'clock."

Gandhi himself feels that English working people grasp Indian aspirations better than the Indian Office. He sagely observes that "the great ones often hear, but will not listen. The poor understand". Much of the irritating lack of coöperation between India and Great Britain is due to the English failure to understand Eastern psychology. Miss Lester would have men of imagination go to India who realize that Gandhi is Britain's greatest asset in India. She thinks that Gandhi honestly desires a fair settlement of the vexed Indian question, but that British stubbornness and stupidity have forced him from his original demand for a reformed constitution to that of complete Indian independence. It is believed by informed persons that even now Gandhi would agree to dominion status for India on his own terms, and that he might accept a British prime-minister if elected by Indians.

The Indians must compose murderous religious quarrels between Moslem and Hindu; they must admit Untouchables to the common life of India; they must improve the sanitary conditions of the villages and banish opium and alcohol; they must raise women to equality with men; and they must rebuild and maintain the home and village industries of spinning cotton and weaving cloth to enhance meager incomes.

This is Gandhi's creed for both India and himself. When asked about the qualifications for leadership today, he replied instantly: "Realization of God every minute of the twenty-four hours." "I do not stand," he says, "for India's freedom. I stand for truth." But he believes that freedom for India is the truth and he is, therefore, willing to make any sacrifice to attain it.

His mind is clear to receive the truth because his life is not cluttered up with the many trifles that waste our precious minutes. Clothes are dismissed with a twist of the hand, his menu is strictly vegetarian with the addition of goat's milk. He refuses to drink cow's milk as a protest against the cruel treatment of cows in India, and he never touches any food that requires the taking of life. Prayers at 4:30 A. M. and 7:30 P. M. and sleep under the stars renew his inner strength after arduous hours of writing and interviews. His one recreation seems to be walking with friends in the early morning and evening. He leads a life of continuous work surrounded by people, although he tries to lessen the tension by observing a weekly silent day.

*Is Gandhi a Spent Force?*





## CALIFORNIA INVITES THE WORLD

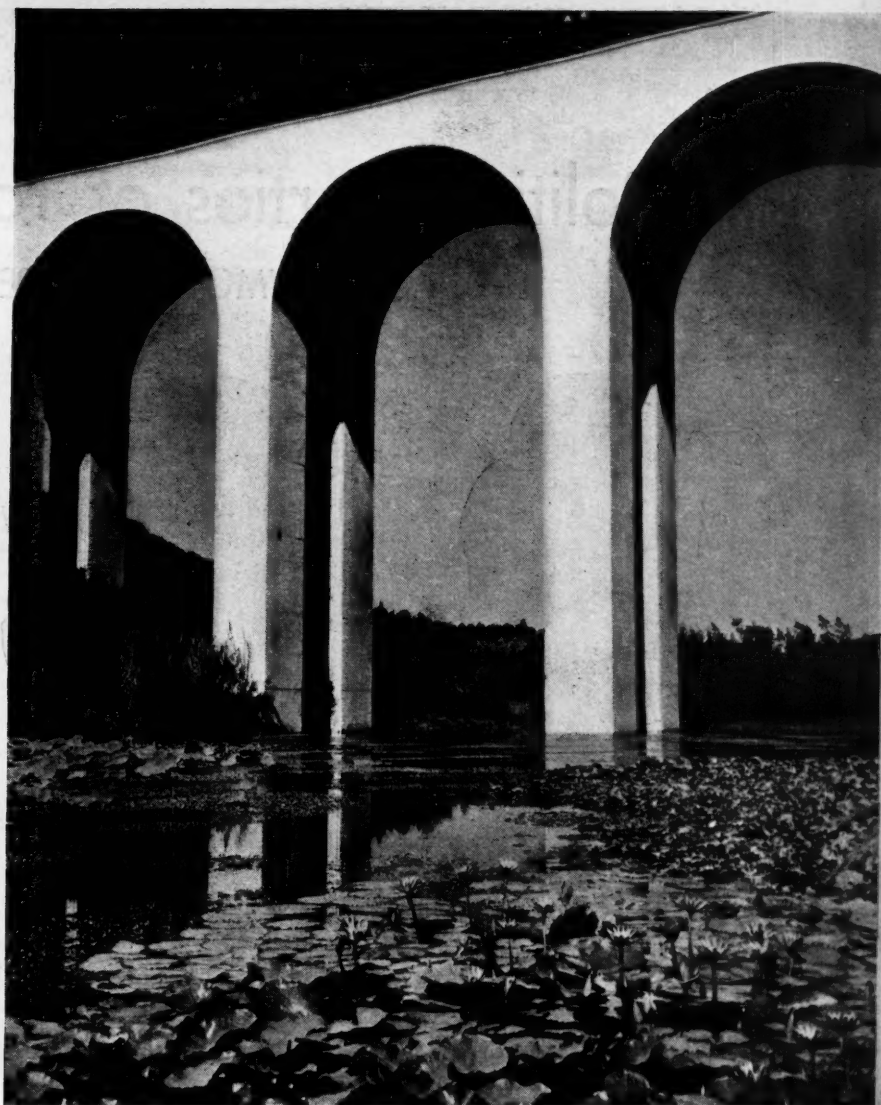
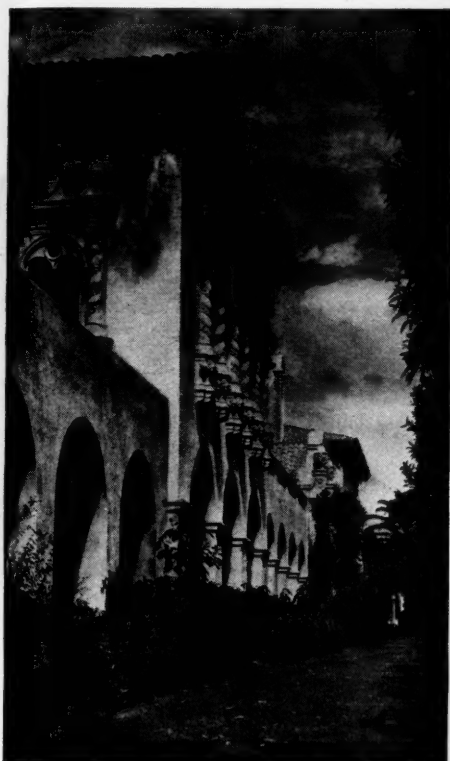
Amid patios rich with zinnias, tecomas, and poinsettias, in exotic Balboa Park, San Diego, will be held The California Pacific International Exposition, which will open its doors on May 29, 1935.



THE accompanying views show some of the lovely vistas about the grounds of the California Pacific International Exposition. Many of the permanent exhibit buildings, designed by the late Bertram Goodhue, are acclaimed among the finest examples of Spanish Renaissance architecture in America. At the top of this page is shown the 200 foot tower and dome of the Museum and Palace of Science. More than two score new buildings are being added to meet the demand for additional exhibit space.

An attendance of five to ten million visitors is expected. Among the exhibitors at San Diego will be many who participated in the Chicago Fair where the monetary values of taking a selling story direct to the public were convincingly demonstrated.

THE entrance way to the Exposition over Cabrillo Bridge (right). One of the loveliest exposition buildings, The Palace of Varied Industries, is pictured below.



ALMOST four centuries ago Cabrillo sailed into San Diego harbor to open to eventual colonization the spot known today as the birthplace of California. It was only natural that civic and industrial leaders of the Coast should select San Diego, where California began, as the site for the California Pacific International Exposition. At the right is a balcony view looking toward The Palace of Electricity and Business Machines.



# Political Parties of Tomorrow

By RAYMOND CLAPPER



Vic Donahey, Senator-elect from Ohio, calls himself a "plain family man", does not intend to hang on the presidential coat-tails when he goes to Washington. He has worked his way up through various state offices and has already served three terms as Governor.

Like many another Democrat, Senator-elect Sherman Minton of Indiana is cheerful over his victory. He has been prominent in American Legion affairs, as is his friend, Governor Paul V. McNutt. He is a lawyer, has advised the Indiana Public Service Commission.

Joseph F. Guffey, Senator-elect from Pennsylvania, prides himself on his Scotch-Irish ancestry and the fact that he was the "original Roosevelt leader" in ordinarily Republican Pennsylvania. He has been identified with the oil industry and the utility field.

★ Election signposts point to the adoption of a new political philosophy on the part of our citizens. The old political parties are being re-shaped and the old political maps are being redrawn. Pragmatism is in the ascendent

**I**F THE political events of the last two years mean anything at all, this country is undergoing a rather fundamental reorientation.

This was felt vaguely by many persons after the decisive defeat of Herbert Hoover. It was even more apparent when the country, a few months later, embraced with a flush of hysterical enthusiasm the first swift, surprising and totally unprecedented New Deal measures. That seemed to indicate that the country might really be ready for something new in government.

## Voters Not Like Golfers

But it was not until the recent elections that the evidence became unmistakable. Until now it has been a question, at least in this observer's mind, whether Mr. Roosevelt might not be enjoying merely temporary

favor from a fickle public. Certainly that was what the leaders of the Republican Party thought. Voters in 1932 were angry at the Republican Party. They threw it out as a golfer, in a fit of temper, curses and hurls away one of his oldest clubs

after a bad shot, and swears he'll never play the game again. Well, your golfer cools off and pretty soon he meekly goes over and retrieves his brassie. Republicans have expected that the voters would behave similarly.

But they haven't. The hypothesis that the Democratic Party, or rather Mr. Roosevelt, like a second-string lover, had caught his lass on the rebound after a quarrel and that she would soon be back in the arms of her first love, has been exploded by the result of this election.

It is unlikely now that the people will ever go back to the Republican Party, as it was, any more than the South would go back to slavery. It is for the Republicans to catch up, not stand still and wait for the voters to turn back and fall into line again where they were



in 1928. Everything indicates now that 1932 was not a rebellion but a revolution, a revolution to cast overboard a political philosophy which had, save for the years of Cleveland and Wilson, dominated the country for three-quarters of a century.

We see changes written all over the map. Pennsylvania elects a Democratic senator and governor. Neither of them, it is true, offers much in the way of

conclusion that the country is going hell-bent to the left, that it is heading for a revolution, that perhaps after all Mr. Roosevelt will turn out to be another Kerensky. To the writer, the indications are not that at all.

We have cut loose from old political inhibitions. We are through with political ancestor worship. We are looking at today and tomorrow, not backward at Alex-



Senator Arthur H. Vandenberg of Grand Rapids, Michigan, was reelected over his Democratic opponent, Frank A. Picard. Michigan, home of the Republican party, also elected a Republican Governor. Formerly editor of the Grand Rapids Herald, Vandenberg became a Senator in 1928.



Theodore G. Bilbo of Mississippi, goes to the Senate after a tempestuous career as teacher, lawyer, state senator and Governor, 1916-1920 and 1928-1932. Promising to out-Huey Huey Long, Bilbo emerged from a White House conference much more amiable toward Franklin D. He was once a minister.



Democrat Rush Holt of West Virginia will replace Senator Henry D. Hatfield, Republican, at Washington. Still under the age limit, 30, he anticipates no trouble from a Democratically controlled Senate. He won by a handsome majority over his opponent at the polls on a definite New Deal platform.

new ideas. All they know about Marx is that they have seen the four Marx brothers. Yet, for such an old blown-in-the-bottle Republican commonwealth as Pennsylvania to elect two Democrats, even such safe and sane ones as Guffey and Earle, constitutes a revolution in itself. Nebraska adopts a unicameral legislature. The LaFollettes found a new Progressive Party and promptly elect a United States Senator, a Governor and seven members of the House of Representatives—almost, you might say, crowding the Republican Party for second place. The Farmer-Labor Party wins a triumph in Minnesota and reelects its tall, blond governor, Floyd B. Olson, who now becomes one of the vanguard of the left-wing marchers. Everywhere sentiment seems to have torn loose from its moorings.

All about us are new road signs heading us into new territory. But we like to ride in the same old family buggy, since we keep our Constitution still unchanged. Still a number of ox-carts rumble along as vestiges of an earlier day, like our creaking county and township governments.

In spite of this, many persons have leaped to the

ander Hamilton and Jefferson, whose nation was smaller and infinitely simpler than one good bouncing American city of the present. We are, in short, adopting a more scientific approach to public affairs, and deserting the doctrinaires. We don't want doctrinaires whether they be Marxian or Republican, Hamiltonian or Jeffersonian. Pragmatism already has become old-fashioned in philosophic thought but we are just getting around to it in politics because public life has been cursed with a heavy time lag which causes it to drag along years behind the real thought of the country.

### Pragmatism on the Rise

For the first time we are making workability our test rather than a shibboleth out of the past. That is the big thing that has happened.

Mr. Roosevelt is our first experimentalist in the White House. The country has recognized instinctively that this is what it wants. Up to now every President went into office rigidly committed to certain principles and policies. If sometimes the executive found his promises did not square with conditions, he compromised

but he did so with the country viewing it a little shamefacedly as a partial surrender of convictions. Such a President was called an opportunist.

Why should opportunism subject a political leader to contempt when it is exactly what a scientist is required to exercise? Every automotive engineer who seeks to improve the automobile is an opportunist. He tries out this device and that. He tries dozens of them. Even-



THE LA FOLLETTE brothers of Wisconsin do not appear distressed at the radio reports. Robert (at the left) was reelected Senator and Philip, Governor. Philip LaFollette served as Governor from 1930 to 1932 and did what no other Wisconsin man has done—returned to the executive mansion after leaving it.

tually he finds one that works. The railroads are suffering now because they were run by doctrinaires unable to adopt methods and instruments to fit changing conditions. They let the airplane, the truck, the pipeline and the family automobile come into existence without recognizing them. Government has been similarly blind. We have failed to see that we cannot sell to Europe unless we buy. We loaned billions abroad and shoved up our tariffs as we did so.

Mr. Roosevelt's record in the White House has no relation to what he promised during the campaign. Why should it when conditions change in a twinkling? How foolish it would be for a business man, for the head of a great corporation whose business was world wide, to announce publicly exactly what he expected to do during the coming four years. He might say that he expected to make his concern prosperous and increase its revenues. But for him to decide then and there exactly how he would do it would be to commit himself definitely to measures for dealing with conditions entirely unpredictable.

### What the Voters Said

At last we have broken away from the bondage of requiring political leaders to leap before they look and to prescribe medicine before the patient has been examined. We stockholders and we patients want business executives, public executives and doctors in whom we have confidence and who know their business, and we lay down certain broad requirements within which we expect them to use their best judgment. Later on we

will decide whether they have exercised their responsibilities in a way that warrants our continued support, or patronage.

This is something very fundamental and new, in politics. It explains probably the tremendous Democratic vote which has just been registered. That vote was not an endorsement of NRA, AAA, PWA, gold devaluation, or anything specific of that kind. It was an endorsement of Mr. Roosevelt, an expression of confidence that he would act with good judgment along a general direction but use the weapons best suited to his purpose.

### Voting for Mr. Roosevelt

The one common denominator among the successful candidates—whether it be the millionaire Gerry of Rhode Island, honest Vic Donahay of Ohio or radical young Holt of West Virginia—was their pledge of support to Mr. Roosevelt. Merriam beat Sinclair in California after he declared that a vote for himself was a vote for Mr. Roosevelt and after there was evidence that the President did not favor Sinclair's election. Guffey in Pennsylvania is not much more of a New Dealer than Senator David A. Reed. Political ideas do not concern him much. But he was a vote for Mr. Roosevelt whereas Reed was a vote against him. In Maryland Republicans elected a governor who promised to cooperate with the Administration at Washington more wholeheartedly than Governor Ritchie did.

However, it would be ridiculous to say that under such circumstances Congress was being relegated to the same rubber stamp rôle that the Electoral College has held from its beginning. Yet the conception of Congress as a coordinate body with the executive appears to be less correct actually than at any time in our history. All over the world we have seen a decay of parliamentarism since the War. It has completely disappeared in Italy and Germany. It is hanging on the ropes in France. England has propped it up with a Nationalist Coalition. In the United States we never have had pure parliamentary government, so that it is now much easier for us to adapt ourselves to new conditions which make parliamentarism an unwieldy instrument. In our government the executive and the legislative branches are theoretically balanced, though in the veto power the President has reserve strength equal to two-thirds of the legislative strength. In practice the legislative has sometimes dominated, as in the Harding Administration, but the executive has clearly dominated in the Roosevelt Administration.

### An Elective Dictatorship

It now appears as if this domination by the White House has taken a prominent place in our unwritten constitution. The great recovery agencies all exercise legislative powers by executive order and departmental regulations. Lump sum appropriations, such as the Public Works fund, delegate the ear-marking decisions to the executive branch which decides what projects shall be adopted. This authority was virtually usurped during the emergency of the first few months of the Roosevelt Administration. Republicans campaigned on the theory that the people would insist upon a restoration of this power to Congress. The people did not so insist. On the contrary they made it plain that they wished this power to continue in executive hands.

(Continued on page 63)



# Analyzing Investment Companies

Born at the wrong moment, the investment trust was still an infant when collapse came. Does the record justify management by experts? The method used in arriving at this rating of necessity differs from that used in earlier articles in this series, which analyzed the Motors, the Rails, the Utilities and the Food companies. Next month, the Tobacco companies.

By CHASE DONALDSON

**T**HE INVESTMENT COMPANY movement, inaugurated nearly a century ago in England but representing little more than an infant industry in this country, is founded on a very simple principle—that of pooling the limited funds of many individuals of small means into a single fund large enough to provide broad distribution of risk and to command skilled investment management.

Theoretically, at least, such a management should furnish more able supervision of investment funds and consequently greater profits or smaller losses, greater safety or less risk, than the average individual lay investor would experience. This is because such a management would be composed of individuals who make it their exclusive business to study and interpret economic trends, market movements, financial reports, and all the other factors that influence the course of security prices.

Let us put the case concretely. The average lay investor, selecting his investments with only casual reference to influences likely to affect the future course of their market values, would probably be doing pretty well if during any given period the market value of his common stock holdings appreciated or depreciated in line with the rise or decline of any one of the numerous stock market averages. He would probably be doing well if his bond holdings followed the trend of accepted bond indices. Some lay investors—by exercising more than average care, or by experiencing more than average good fortune—might do better. Others might do worse.

A specialized investment company management, however, aims to do better than the averages, to show greater appreciation or less depreciation in assets, to insure greater safety or offer less risk.

The individual secures the services of such a specialized management by purchasing the securities of the company whose funds it is administering. One of his paramount problems is to determine which company is supervised by the ablest management—the management that has shown the best results over a period of time, in comparison with some index of security prices.

Investment companies have fundamental differences in their structures and their philosophies, so that before

## COMBINED FINAL RATING

THIS FINAL RATING is obtained by weighting the four factors as follows: Four-Year Management record 10; 1934 management record (to Sept. 30) 2; 1933 expense ratio 1; leverage factor, discount available, or selling load 7. Management is the *sine qua non* of an investment company, and consequently is given more emphasis than the other two factors combined. Good management can even overcome a high expense ratio and augment poor leverage or a small discount or compensate for a high selling load. Management is rated on two bases: the number of cents remaining at the close of 1933 out of a dollar of net assets possessed by each company (1) at the beginning of 1930 and (2) at the beginning of 1934. A good record for a four-year period means more than a good record in just one year, while a good record in the first nine months of 1934 may indicate improvement in management. The expense ratio is the ratio of expenses and taxes to the average net assets for 1933.

	4-Year Management Rating (1930-1933)	9 Months of 1934 Management Rating	1933 Expense Ratio	Leverage Factor Rating	Combined Final Rating
<b>Leverage</b>					
U. S. & Foreign Securities Corp.	2	2	1	1	1
Tri-Continental Corporation	3	1	2	2	2
General American Investors Co.	1	4	4	5	3
Adams Express Company	4	5	3	4	4
American International Corp.	5	3	5	3	5

"Leverage factor" indicates the comparative rapidity with which the asset values of the common stocks of these companies should rise in a rising market to overtake and pass the present common stock market price. It is a purely mechanical factor based on the relationship of senior capital (bonds and preferred stocks) to junior capital (the common stock) and related to the market price at which the common stock can be bought.

				Discount Available	
<b>Non-Leverage</b>					
Lehman Corporation	1	1	2	5	1
Third National Investors Corp.	2	2	4	4	2
General Capital Corporation	4	3	1	1	3
Fourth National Investors Corp.	3	4	3	2	4
International Carriers, Ltd.	5	5	5	3	5

"Discount" indicates the relationship between the asset value of the common stock of a company having no bonds or preferred stock outstanding and the market price of such common stock—i.e., that part of a dollar that must be paid in the market for a full dollar of underlying assets. As in the case of our hypothetical non-leverage company, this would be \$2.25 of market price for \$2.65 of net assets, or a discount of 15 per cent.

				Selling Load	
<b>Mutual Funds</b>					
State Street Investment Corp.	1	3	1	3	1
Broad Street Investing Co.	2	1	5	1	2
Spencer Trask Fund	3	5	4	2	3
Massachusetts Investors	4	2	2	5	4
Incorporated Investors	5	4	3	4	5

"Selling Load" indicates the relative rates of commission charged by distributors of mutual fund shares. Such load represents a premium above the asset value of the shares. Shares of a number of mutual funds, such as Broad Street Investing, are not being actively distributed and consequently can be purchased at prices closely approximating asset values.

endeavoring to appraise management results it is first necessary to select that type of investment company whose structure and aims most satisfactorily meet one's requirements.

During a little more than a decade of investment trust history in this country, three definite types have developed which promise to remain permanent fixtures in our financial scheme of things. The oldest of these is the British type, so-called because its structure—if not its philosophy—is similar to that of English and Scottish investment trusts which for so many years have proved worthy of being called prime investment media.

These are called "leverage investment companies" for reasons that will shortly become apparent. They have two and sometimes three classes of their own securities outstanding; that is, besides common stock, they also have preferred stock or bonds (debentures)

or both. When originally offered to the public, during the 1920's, the bonds or preferred stock (senior securities) were backed by total company assets which were in excess of the principal or par value of such senior securities, thereby furnishing what is called a "safety factor."

Let us assume the case of a hypothetical leverage company founded at the beginning of 1929 and having total net assets of \$10,000,000. (See first column of the table entitled Types of Investment Companies.) Against these assets our company has issued \$2,500,000 principal amount of bonds, \$2,500,000 par amount of preferred stock, and 1,000,000 shares of common stock. Originally the bonds and preferred stock were backed by ample coverage—4 to 1 and 3 to 1 respectively. The common stock had an asset value of \$5 per share, but for reasons explained below it was selling in what is euphemistically called the "free and open market" at \$7.50—a 50 per cent premium.

This company invested its funds in bonds, preferred stocks, and common stocks of *other* companies—industrials, rails, utilities, etc. Its investments were distributed over the three general classifications of security issues because of the balance of its *own* outstanding capital issues. That is, to protect the asset position of its *own* senior securities, and to insure the receipt of fixed income to cover its *own* interest and preferred dividend requirements, the company found it conservative to invest in bonds and preferred stocks (as well as common stocks) of *other* companies.

### Leverage Explained

After the prolonged decline in security values culminating in June of 1932 the total assets of the company had declined, let us say, 47 per cent. Protection behind the company's bonds and preferred stock had declined substantially as indicated. Because the bonds and preferred stock are preferred as to assets, however, the asset or liquidation value of the company's *common* stock—entitled in the event of liquidation to only such assets as remain after the preferences of other obligations and senior securities are disposed of—had declined about 94 per cent.

For the same reason, if the company's total assets appreciated to their initial value, all such appreciation would apply to the common stock. This is what is referred to as "leverage". The bonds and preferred stock of a company provide leverage to its common stock, making the common stock asset value fluctuate much more violently up and down, percentagewise, than the company's total assets. It is what Major Angus refers to when he says: "The highly geared equity shares of investment companies will be particularly prone to rise" in the event of an "American boom".

It is this leverage factor that accounts for the premium above asset value at which leverage company common stocks sell. While many leverage stocks have no asset values—indeed, many are "under water" because there are not even enough assets left to cover the preferences of the preferred stocks or bonds—they nevertheless tend to have active markets because they are considered as options on the future.

The three classes of securities of leverage companies offer the investor three distinct types of vehicles. No important investment company is in default on its

bonds. Nevertheless, because of the general decline in security prices, most investment company bonds are selling below their face value—some as low as 60. The bonds of our hypothetical investment company would probably be selling around 80. With net assets of \$2,120 per \$1,000 bond, the "safety factor" with relation to the market price of 80 is therefore about 2.65 to 1. That is, for every dollar of market value there are \$2.65 of net assets. Clearly this is good coverage. On the average, because they own bonds and preferred stocks, most investment companies are able to earn their bond interest charges—some of them as much as three and four times.

Preferred stocks of investment companies can be analyzed in a similar manner. As indicated in the case of our hypothetical leverage company, preferred stocks in the main have relatively less asset coverage than bonds. For this reason, however, and because many of them are not paying any dividends, their market prices are relatively lower. Thus, the safety factor—or the relationship between asset coverage and market value—may be just as great as in the case of bonds. Leverage company preferred stocks have appeal to those who are seeking an investment company security with greater speculative possibilities than the bonds but of a less radical nature than common stocks. A small number of investment company preferreds are convertible into common stocks, thus providing, in theory at least, a medium for those who would have their cake and also eat it.

Leverage common stocks are the most speculative of the investment company securities. *They represent vehicles for the maintenance, in effect, of margin accounts without the dangers inherent in such accounts.* That is, the funds initially furnished through the sale of investment company bonds and preferred stock correspond to the funds put up by a broker in margin accounts. But it is apparent that the holder of an investment company common stock is required to pay no interest on these funds directly and is not subject to margin calls.

The asset value of his investment may disappear completely; but, unless the company whose stock he has purchased is liquidated, he retains his chances of

## EXPENSE RATIO

Indicating the operating efficiency of management, showing the relation of expenses and taxes (not including interest on funded debt in the case of leverage companies) to average net assets. Net assets are always computed on the basis of treating assets as shown in the balance sheets of the various companies, with marketable securities treated at market value. For each year an average of net assets has been arrived at by dividing the total of net assets at the beginning of the year and at the end of the year by two.

	1931	1932	1933	Rating in Group 1933
<b>Leverage Type</b>				
Adams Express Company	0.8%	1.1%	0.9%	3
American International Corp.	1.2	1.5	1.3	5
General American Investors	0.6	0.9	0.9	4
Tri-Continental Corporation	0.8	0.9	0.7	2
U. S. & Foreign Securities	0.4	0.5	0.7	1
<b>Non-Leverage Type</b>				
Fourth National Investors	1.1	1.0	1.2	3
General Capital Corporation	0.3	0.2	0.3	1
International Carriers	0.6	1.7	1.6	5
Lehman Corporation	0.8	1.0	1.0	2
Third National Investors	1.2	1.1	1.3	4
<b>Mutual Funds</b>				
Broad Street Investing	1.2	2.0	1.9	5
Incorporated Investors	0.7	1.2	1.4	3
Massachusetts Investors	0.7	1.0	0.8	2
Spencer Trask Fund	1.4	1.3	1.4	4
State Street Investment	1.1	0.7	0.7	1



recovering his equity. In a declining market his stock will decline rapidly—more or less depending upon the extent of leverage and of management ability. Similarly in a rising market his investment will rise rapidly in value.

Toward the end of the bull market the non-leverage investment company assumed increasing prominence. As the name implies, this type of company has no bonds or preferred stock outstanding, but only common stock. Consequently it can afford to place most of its funds in common stocks, having no senior obligations to protect or on which to pay fixed charges. Its common stock is traded in the open market, and because the public believed that management could perform a superior job the stock sold at a premium above asset value in the halcyon days before the depression.

Following the public disillusionment in the ability of experts to work investment miracles, the demand for investment company securities decreased to such an extent that the market prices of these non-leverage stocks declined below their asset values.

Presumably, as confidence in management increases, this discount or differential will tend to close up.

Ignoring the fixed trust, which is now outmoded, the type of investment company which has most recently been enjoying increased popularity is the mutual fund. Many of these are in their early stages and are seeking funds through the sale of their common stock. The only fundamental difference between this type and the non-leverage type is that provision is made whereby the company itself, or the sponsor of its common stock, sells and agrees to buy back such stock at a price based on its asset value. The sales price usually runs slightly less than 10 per cent above the asset value, such premium being utilized to pay cost of distribution of the shares, etc. The bid price—or price at which investors can sell their mutual fund shares—is usually close to asset value. Thus the stock of a mutual fund will probably not stand to rise as much, percentagewise, as the stock of a non-leverage company. On the other hand it does not stand to decline as much.

With the foregoing description of the three important fundamental types of investment companies as a base, it is now possible to proceed with an analysis of their managements. What the investor wishes to know is: (1) what company, based on past results, is likely to handle its funds—my funds—most capably and (2) what must I pay for such service?

With respect to the important companies of each of the three classes the accompanying table of results in part indicates the answer to this question. Of the lev-

## TYPES OF INVESTMENT COMPANIES

Hypothetical cases to illustrate the features of the three different types of investment companies and their securities—before the depression and after.

Original (pre-depression)	Leverage Company	Non-Leverage Company	Mutual Fund
<b>Total Net Assets</b> .....	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
Bonds (face value).....	2,500,000	.....	.....
Assets per \$1 of bonds.....	4	.....	.....
Balance.....	\$ 7,500,000	\$10,000,000	\$10,000,000
Preferred stock (par value).....	2,500,000	.....	.....
Assets per \$1 of preferred.....	3	.....	.....
Balance.....	\$ 5,000,000	\$10,000,000	\$10,000,000
Common stock—Number of Shares...	1,000,000	2,000,000	2,000,000
Asset value per share.....	\$5	\$5	\$5
Net assets working per share.....	\$10	\$5	\$5
Market price per share.....	\$7.50	\$6	\$5
Leverage*.....	1½ to 1	none	none
<b>Present (post-depression)</b>			
<b>Total Net Assets</b> .....	<b>\$ 5,300,000</b>	<b>\$ 5,300,000</b>	<b>\$ 5,300,000</b>
Bonds (face value).....	2,500,000	.....	.....
Assets per \$1 of bonds.....	2.12	.....	.....
Balance.....	\$ 2,800,000	\$ 5,300,000	\$ 5,300,000
Preferred stock (par value).....	2,500,000	.....	.....
Assets per \$1 of preferred.....	1.12	.....	.....
Balance.....	\$ 300,000	\$ 5,300,000	\$ 5,300,000
Common stock shares.....	1,000,000	2,000,000	2,000,000
Asset value per share.....	\$0.30	\$2.65	\$2.65
Net assets working per share.....	\$5.30	\$2.65	\$2.65
% appreciation in asset value of common stock in event of return to pre-depression status.....	1,567%	88.6%	88.6%
Market price per share.....	\$2.00	\$2.25	\$2.65
Leverage*.....	2.65 to 1	1.18 to 1	none
% appreciation in market price of common stock in event of return to pre-depression status.....	275%	166.5%	88.6%

\*Computed on the basis of the relationship of the market value of the stock (since this represents the price which must be paid to acquire the stock) to the assets working for the stock.

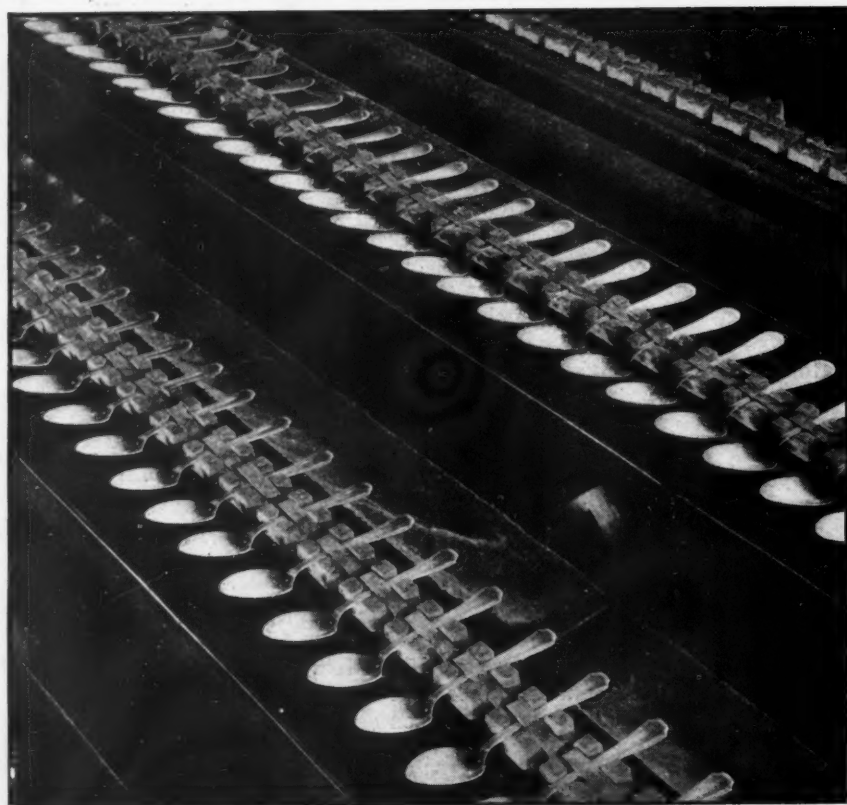
erage companies, General American on the average carries off the honors; of the non-leverage, Lehman Corporation (under the same supervision as General American); and of the mutual funds, State Street Investment. But, like all statistics, this table does not speak for itself with complete accuracy. It calls for additional comment.

In the first place, it is obviously necessary to bear in mind that management personnel changes. Numerous investment companies have been taken over lock, stock and barrel by other companies—notably by Atlas Corporation, the Equity Corporation, and Tri-Continental Corporation.

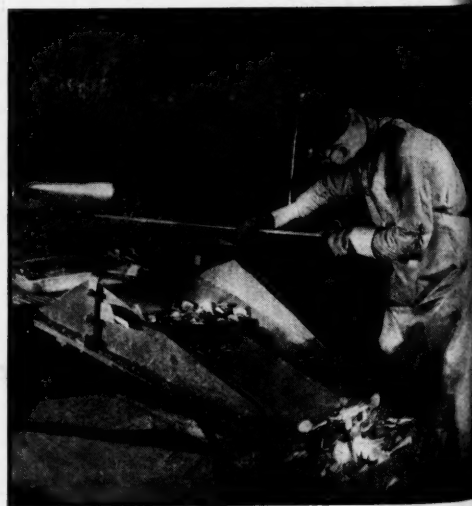
Furthermore, some companies fared badly during the period of declining prices because their philosophies dictated the purchase and retention of relatively volatile securities, which resulted in a greater decline than they might otherwise have experienced. Adams Express is a case in point, concentrating the bulk of its investments in common stocks. However, as indicated by the figures, for this same reason Adams Express showed a remarkable recovery during the period of rising prices subsequent to June of 1932.

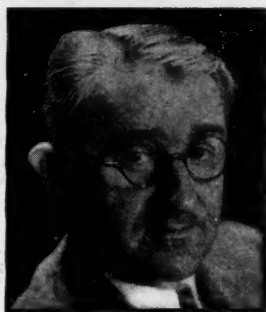
The table of expenses also calls for some comment. It is to be borne in mind that from 1931 the assets of these companies decreased along with the general market, so that where the expense ratio held its own during the three years under consideration it may be assumed that expenses were actually reduced. Furthermore, with certain mutual funds that are soliciting subscriptions and charging a commission on (Continued on page 58)



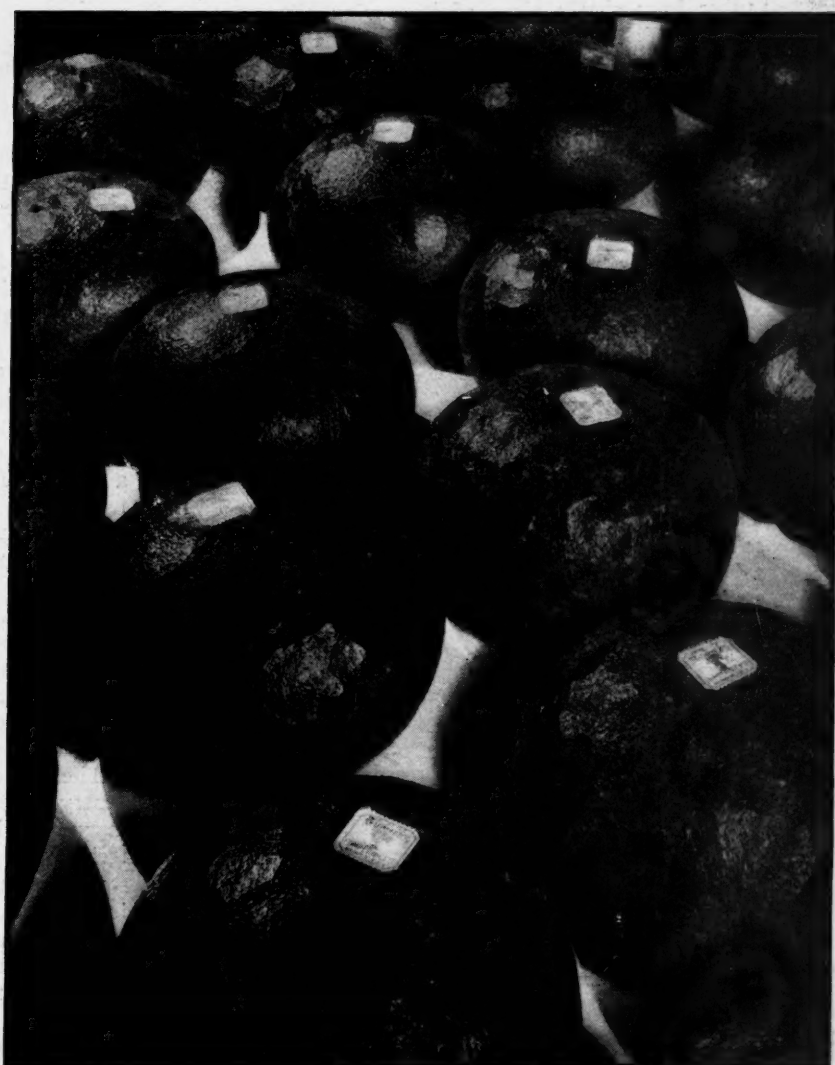


None is more expert in translating the drama of industry to the printed page than **WILLIAM RITTASE**, here pictured with several of his recent camera recordings in the silverware factory of Oneida Community, Ltd., at Oneida, N. Y.





H. I. WILLIAMS finds his forte in so picturing finished products as to awaken consumer desires. This page shows how his camera saw a Corona portable in action, regimented Stuhmer's pumpernickel, and several Richardson Plaskon products.



# Crystal Sets to Cabinets

BACK of your new radio lies a hectic adventure in modern business. Its transition from plaything to living-room furniture called forth the combined genius of the engineer, designer and chemist.

By T. J. MALONEY

IT IS NOT SO LONG since the "good old days" of radio. Drop back to 1920 and you are in what appears now to be the prehistoric era of development. Crystal sets, now as much a rarity as crystal gazers, were the order of the day, and the cat's whisker was no slang term but the contact point that made or broke your reception. You donned the old ear-phones, and paid half your attention to the program and the other half to the little gadget called a radio in front of you. Those were the days!

Fifteen years have seen a toy grow to an elemental force in living . . . an infant industry to a dominant place among the leading world industries . . . an advance of technical magnitude that not only astonishes today but predicts a future which makes any mortal stand in awe and bewilderment. Radio itself will bring wide technical advances. But the facts founded on radio and developed out of ether waves and amplifying tubes have shown signs of improving all avenues of living. Fifteen years—make it twenty-five years—make it thirty-five to go back to the days of Marconi, Tesla, and the other forerunners—even so, the span of time seems minute for the lengthy span of such an accomplishment.

The Encyclopedia Britannica in its thoroughness goes

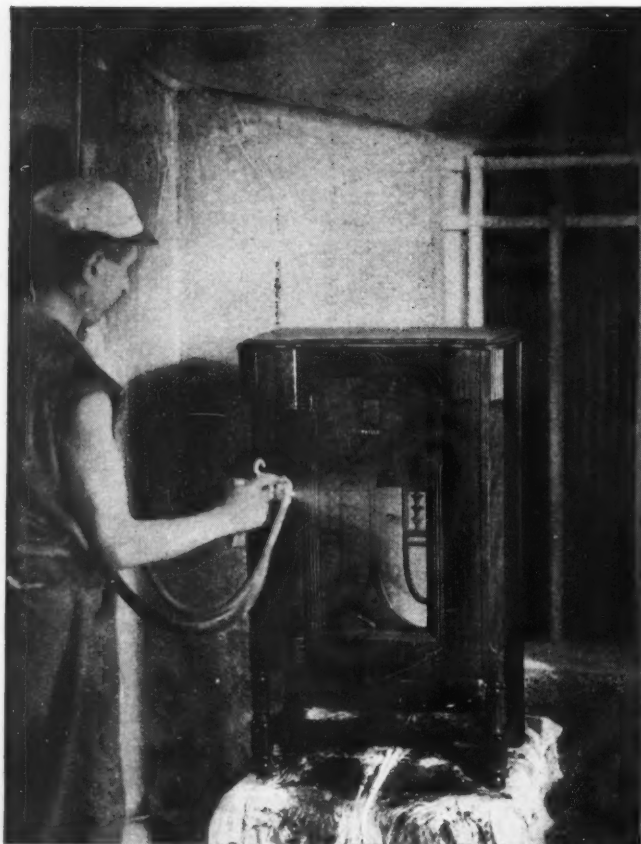
farther, much farther back, to summarize the beginnings and progress of radio. Over one hundred years ago—1827 to be exact—Savary, a French scientist, found that a steel needle could be magnetized by the discharge from a Leyden jar. If you remember your high school physics, a Leyden jar was the odd looking jar coated with tin foil or something like it. You could store electricity in it. The magnetizing of the needle is the basic point. It symbolizes the transfer of energy from one source to another that gave direction that led to many ultimate electrical ends, including radio. But don't forget the Leyden jar. Stored electricity—batteries to you and me—was very important and still is important in radio.

Radio made the battery business, and radio as quickly broke it. Conservative estimates show that at the peak of battery-set existence the battery business was over 100 per cent greater than in the best year prior to radio. From the peak in '25 and '26, the mighty battery business has fallen until today it ranks as a "has been". But even though radio has cast the battery aside, after showing it a taste of high life, radio has not been a wholly heartless good-weather pal. Thousands of homes in this country that are still unwired bless the battery, and the battery set is of great importance in the rural communities.

From what sources has radio grown in this short span? It has grown from inventive individuals who went into the business, from companies of large magnitude basically covering all household appliances and furnishings operated by electricity, and from companies in one way or another allied to some feature that *makes* a radio. Battery companies, for instance.

Two examples: One company was in the battery business. Not only in it but one of the major producers: a power. The handwriting on the wall, as far as batteries were concerned, was apparent to all who cared to read—and to many who dreaded the responsibility. The only question was one of time till someone found the way to utilize the household current and someone else improved and cheapened the equipment. This company took time by the forelock and went from the batteries into radio. It was a logical step; and, as done, a fairly simple step. But all companies didn't take it; all companies were by no means flexible enough to take it.

The other example comes from the phonograph industry. Here the step was of a little later and greater magnitude, but the basic procedure was the same. Batteries were the power forerunner; phonography the sound forerunner. The swiftly growing giant took both in its stride. Today batteries are part of the past. Phonographs too, have had to step aside—to the extent of being the lesser member of the radio-phonograph combination.



LACQUERING—THE FINELY ATOMIZED SPRAY COAT





Photographs by Rittase, courtesy Sherwin-Williams

In an industry such as this one, there are many things to consider. Research, production, advertising, quality, and price are of first importance, but don't forget that this industry has moved so fast that a corporate structure which allows the management to think and act quickly is also primary.

We speak of crystal sets and cabinets—again measuring the span in words instead of years. The crystal set was a device to shove in a drawer or on a closet shelf, to be pulled out and used, and then secreted away until the next day's "hour". As time goes by the set is discarded and the loud-speaker is introduced. Then the radio becomes a two-piece instrument. The natural next step was to assemble loud-speaker and chassis in one compartment. And thus the cabinet became the home of the radio. The cabinet brought new problems—problems in design. Radio soon sought knowledge from the phonograph, long a cabinet instrument. And the knowledge gained was this: Housewives want this equipment in their living-rooms. Housewives want it not alone for what it is, but also for what it looks like. That means furniture. Radio is no longer an instrument; it is a piece of furniture. And that brings in the headache of pleasing the American public.

Here is what it means at present, to take one company's procedure in solving the problem:

Ben Nash, a leading industrial designer, styles this particular company's cabinets. Nash is noted more for application than for innovation. His task is not the unrestricted suggestion to do some new designs—"We'll take a look at them and see whether we like them or not". His basic work is a study of past designs, present

markets, and present popular preferences. To fit himself for the task of completing his designs he conducts a tour of dealers, sees what people's reactions are, studies rooms (finding that in most houses the housewife has grown to expect fast change and improvement in all kitchen apparatus, while still resenting too sudden change in the appearance of her living-room), and finds out that a radio is still a piece of furniture. So Nash designs it as such. He is commissioned not to change the public taste, but to meet it, and to advance it so slowly that it will always be imperceptible. There must be a design for every pocketbook.

It is a big job, but the industry does things in a big way. It moves fast, talks big, and plays to the public. Radio is as loud as steel is reticent. There have been many desperate sales battles, many unusual stunts.

Under the auspices of the National Alliance of Art and Industry, and the direction of Cleon Throckmorton, one prominent manufacturer—Philco—presented a group of model music rooms at Rockefeller Center during November. A new model was presented as the focal point. This model at \$600, only five hundred sets to be made, is the leader in a move which is encumbered with all the swank of a distinguished opening, high-hat invitations, and an attempt to crash the upper strata (not forgetting the newspaper publicity). The plan is one that is being extensively merchandised to dealers, in expectation of their doing a similar series of music rooms in their locality, with local talent.

To some critical minds the move for this type of prestige is considered quite out of this company's realm; and the suggestion is that (*Continued on page 57*)



By Elderman, in the Washington Post  
WH-00-0-000-000!



By Brown, in the New York Herald Tribune ©  
A DEMONSTRATION FOR UNBELIEVERS



By Orr, in the Chicago Tribune ©  
ALL HANDS NEEDED



HEY! CAN'T SOMEONE DO SOMETHING?  
By Smith, in the San Francisco Examiner

## THE CARTOONS OF THE MONTH

"SPIRIT OF THE '34 CAMPAIGN"  
By Ray, in the Kansas City Star



EMERGENCY LANDING  
By Fitzpatrick, in the St. Louis Post-Dispatch



CLEANED AGAIN!  
By Chase, in the New Orleans Item





ANOTHER TOUGH WORKOUT FOR THE HORSE

## THE PUBLIC TREASURY

TWO YEARS BEFORE THE NEXT SHIP PASSES

Cartoons by Harold I. Carlisle, from the Des Moines Register



LET'S SEE WHICH WAY WORKS BEST

THE DANGERS OF AN UNCHARTED REEF



MORE EVENLY MATCHED TEAMS MIGHT PLAY A BETTER GAME

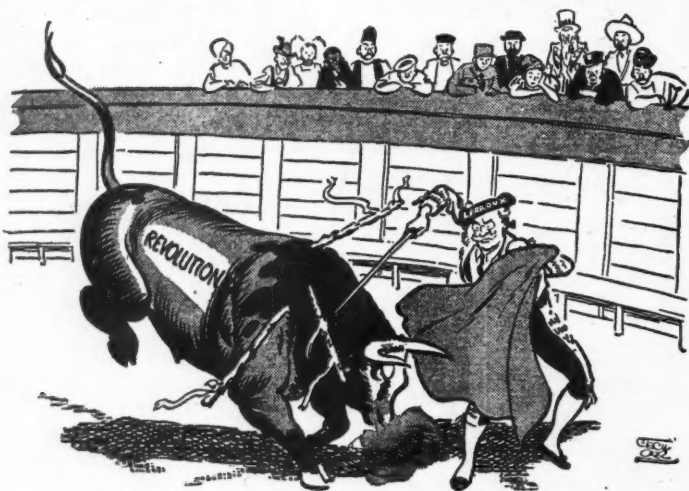






From the Birmingham Gazette (England)

NOT CONTENT with robbing the cradle, Mussolini and his blackshirt are shown in the act of robbing the very stork by this indignant British cartoonist. The stringent new Italian military laws mobilize every child from the age of 6 upwards, to the disgust of liberal world opinion.



From the Glasgow Record (Scotland)

SPANISH LIBERALISM is ended at least for the time being, as Premier Lerroux, backed by reactionaries, slays the left-wing revolutionary bull to the interest of the world at large.



From the Birmingham Mail (England)

BERLIN HORSE SHOW—Adolf Hitler has his own hobby, and rides it high, wide, and handsome.



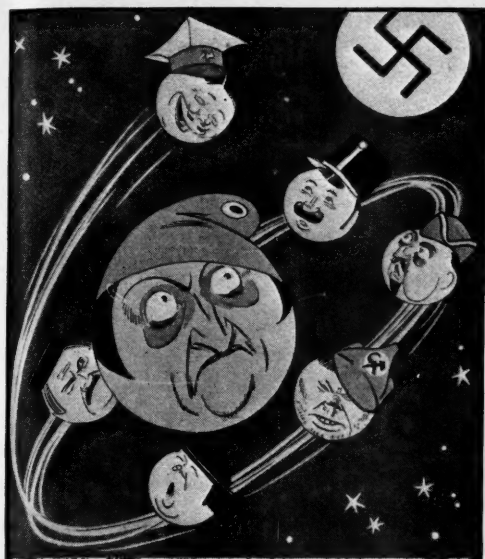
From Izvestia (Moscow)

THE GERMAN NAZI, whose face is that of the late Captain Ernst Roehm, plays with some of the mystic and psychological fads of his big brown regime—to the amusement of rationalist Russia.



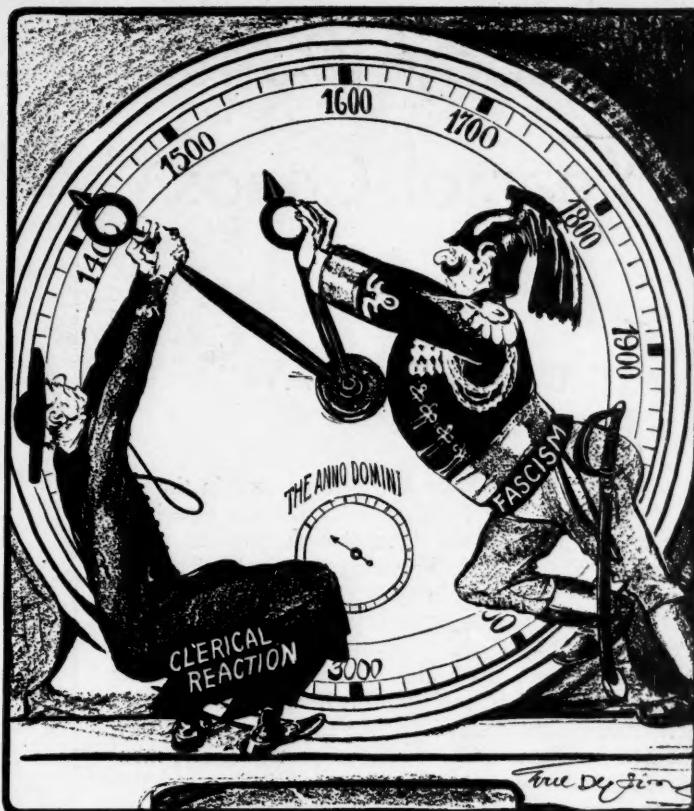
From the London Daily Express

THE SPIRIT OF 1934: Military ape-men are taking to pieces the workings of civilization as we know it. Can the generals and armament-makers put it back together again? It seems unlikely!



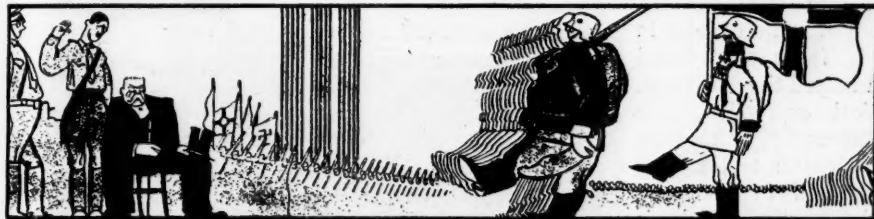
From Kladderadatsch (Berlin)

JEERING POLAND shoots out of the sky-high political orbit dominated by France. Other French satellites — Austria, Belgium, Russia, Czechoslovakia, and Yugoslavia—continue to revolve around their financial and military mentor. German public sentiment is greatly alarmed by the "French system," and Poland's defection has caused unlimited joy in Nazi circles and a deeply pessimistic disgust in realist Paris. The French are tiring of their "poor relations."



From the Daily Herald (London)

THE black-robed clerical and the gaudy fascist militarist set the European clock back in several European countries, notably Spain and Austria. An English Labor view by the famous Will Dyson.



From Nuevo Mundo (Madrid, Spain)

DICTATORSHIP in Germany equals ruthless regimentation (as above). Democracy in Spain equals open gangsterdom and the most chaotic anarchy (as below).



From the Daily Express (London)

THE SPIRIT of bloody 1934 consists of wobbling iron dice, sudden death, and murderous gunmanship reminiscent of the hideous year 1848.



From the Glasgow Evening Times (Scotland)

PRESIDENT ROOSEVELT, the "new devil", discards General Johnson in favor of a multiple pitchfork wherewith to combat "tories" and "reactionaries".



# Bloody 1934: Year of Chaos

By ROGER SHAW

THE year 1848 was a troublous time in the history of the world, and of Europe especially. Everywhere there arose disruptive movements which challenged the conservative *status quo*, and led to warfare, rioting, and summary killings of one sort or another. In France the monarchy of Louis Philippe was overthrown amid bloody disorders, and a short-lived republic was set up which culminated in the long dictatorship of Louis Napoleon Bonaparte. All over Germany, violent discord became the order of the day, directed for the most part against particularistic monarchs of the numerous Germanic states, whose sovereign rights were out of date. Vienna finally dislodged the infamous Prince Metternich by severe street fighting, and Hungary revolted against Austria, while Croatia in turn revolted against Hungary, in favor of national self-determination. Czarist Russia helped the Austrians.

Italy, still a mere geographical expression, rose against the Austrian and Papal hegemony which kept her divided and subjugated, and Austria and Italian Piedmont clashed in war. Switzerland underwent a civil war between Protestants and Catholics, and there were reverberations in Spain and Portugal, where despotism was at its worst. Karl Marx and Friedrich Engels issued their famous "Communist Manifesto" in 1848; while across the channel in England the Chartists blustered and incited to violence. Growing America on the sidelines, herself divided precariously between freedom and slavery, backed European revolutionaries as best she could by word and deed. Europe had not seen international war in 33 years, but chaos and anarchy burrowed from within with devastating effect amid lynchings, firing parties, and street barricades. Turbulent 1848 was, in most respects, a dark and bloody year.

The world did not see such another twelve-month, happily, until the chaste arrival of 1934. In this year trouble spread from country to country, much in the style of 1848. The goals of '48 were such varying millenniums as nationalism, liberalism, and collectivism; and those of '34 were equally divergent, with fascism as an added incentive and potent mischief-maker. War is hell; but non-constructive civil anarchy is likewise hell when it leads nowhere, and this was true of 1934.

The Stavisky financial scandal, beginning in Bayonne, started the year upon the primrose-path in February. The French government of Premier Daladier seemed to be involved in ultra-graft, and street fighting of the most dangerous sort broke out in Paris. Fascists, communists, and war veterans joined hands against the



government, and Daladier was forced out of office after many citizens were killed and wounded by the guns and sabres of soldiers and police. Revolution was narrowly averted. For days complete anarchy reigned in the French capital, and only a coalition government under the respected Ex-President Doumergue served to pacify mobsmen to whom the name "Stavisky" had become anathema and antichrist. Since last February, France has been extremely shaky internally, and ineffective internationally.

The scene shifted from Paris to Vienna almost immediately. The Austrian federal government was acting as a fascist dictatorship under Chancellor Dollfuss, while the municipal government of Vienna (considered the finest in Europe) was functioning peaceably as a socialist state within a state. Suddenly the federal government attacked the Viennese with howitzers, gas,





THE LARGE PICTURE at the top of the page shows Spanish liberals street-fighting outside a Jesuit convent in Madrid to the tune of fire and destruction. The top picture on the preceding page shows Austrian fascists attacking hapless Viennese tenement houses last February. The center picture shows rioting in the San Francisco general strike last July—a hideous holiday. The bottom photograph shows King Alexander of Yugoslavia, dead in his automobile, just after his assassination in Marseilles. Lower left on this page shows a Paris mob setting fire to a bus in French disorders of last February. Lower right shows Paraguayan artillery in the hopeless war with Bolivia over the Gran Chaco region in South America.

airplanes, and tanks, under the leadership of Dollfuss, Fey, and Starhemberg. Viennese tenement houses were the best designed workers' dwellings in the world, and city socialists fought desperately in them against the federal military machine. After four days of heroic struggle the burghers were worsted, and fascist victors hanged innumerable victims of the city defense-corps. Mayor Seitz and his city councilmen were jailed, and the model tenements were partially ruined by shell-fire from the "Big Berthas" of the field-gray regular army. Austrian socialism had been wiped out, and the country was to know five months of comparative calm before a second installment of tragedy.

Meanwhile, on February 17, King Albert of Belgium fell from a cliff while on a hiking expedition and was killed immediately, his body being found after protracted search. Rumors circulated that the World War hero had been murdered for a variety of political reasons, but no serious credence has been given to such back-stairs gossip. Albert was succeeded by his son Leopold. The loss of this most upstanding of Europe's kings was deeply deplored in all countries, although the stability of Belgium was unaffected by her great personal loss.

Neighboring Holland, generally peaceful enough, underwent a night of bloody fighting in Amsterdam

when the Dutch dole was cut in two. Working-class districts of the capital, under communist leadership, fought off police, machine-guns, and tanks, while 6 were killed and 60 wounded. The venerable Queen Wilhelmina received public insults and parliamentary cat-calls, which constitute danger-signals among the usually phlegmatic Hollanders, to whom the House of Orange is sacrosanct. Late in May a sudden fascist coup established cast-iron dictatorship in luckless Bulgaria.

### Rule by the Iron Hand

Then came the hideous German purge of June 30, whereby Chancellor Hitler is believed to have forestalled a serious mutiny among the brownshirt storm-troopers. By summary executions all over the Third Reich, nearly 100 opposition leaders were done away with on the spur of the moment, including General Kurt von Schleicher, ex-chancellor, and his wife; Ernst Roehm, commander-in-chief of the storm-troopers; Heines; Klausener; Von Kahr; Strasser; and other notables. Monarchists, Catholics, and Nazis with radical tendencies were "liquidated" handily by the black policemen of Prussian Premier Goering and Police Chief Himmler.

Had not Hitler struck first, the storm-troopers\* under Captain Roehm would doubtless have ousted him and substituted another dictator. Nevertheless, the swiftness of the purge horrified the humanitarian western world, which likened the conflicting Nazi factions to competing bands of Chicago gangsters. A suspect, in the Hitler purge, could consider himself lucky if he received a summary court-martial before being rendered *kaput!* But this German internal coup, bloody as it was, seems to have strengthened the Hitler régime, and to have won support from the mighty Reichswehr, or long-term regular army, which always maintains a strict political neutrality.

Late in July came the second Austrian chapter, when Viennese Nazis killed Chancellor Dollfuss in a wholesale revolt which swept the countryside. The insurgent Nazis, in army disguise, seized public buildings and the broadcasting station in Vienna, and conducted a skillful civil war against the federal government in every Austrian province. There was heavy loss of life, and Italy threatened to intervene on the side of the Austrian government (which is extremely Italophile), whereat Yugoslavia showed herself friendly to the Austrian Nazis. Starhemberg crushed the revolt with a thorough brutality, and Schuschnigg became chancellor in place of the diminutive dictator who lay dead. Dollfuss had taken the sword in February. He perished by the sword in July. Austrian casualties mounted into the thousands.

President Paul von Hindenburg, 86 years old, died in honor and glory on August 2. He had served as a brake to German Nazis, and his demise was deplored in many countries which had struggled against his skill and gallantry in the World War. Hitler succeeded the Old Maestro as Reichspresident, after a national referendum which gave him 88 per cent. But the neighbors of Germany shivered at the loss of the grizzled warlord who had turned moderate after his first election to the presidency in 1925. Hindenburg was buried on the battlefield of Tannenberg, the site of his immortal victory over Russia in 1914. This elderly gentleman had been characterized as one of Europe's three honest statesmen. His burial was one more blow to 1934.

In the middle of July the American west coast saw a

three-day general strike which centered in San Francisco, but affected other centers as well. It was a rough-and-tumble affair in which the strikers established a virtual city dictatorship and rationing system, to the disgust of local residents who feared starvation, looting, and civil warfare. Longshoremen with more or less legitimate grievances were at the bottom of the affair, but the trouble spread like wildfire to many other trade-unions which swung into sympathetic action. This was the first American general strike since 1919, when a short-lived attempt was made in radical Seattle. Troops, tanks, and vigilantes crowded into San Francisco, and the ruling labor committee finally called off the action. An Australian red of considerable ability, Harry Bridges, functioned as strike-front field-marshal.

Louisiana experienced a Long-Walmsley "civil war" with full mobilization of the state's military forces.

Wholesale textile strikes up and down the American eastern seaboard followed at the beginning of September, with bloodshed in Rhode Island between strikers and militia, and motorized raiding parties sweeping through the Carolinas to deal with strike-breakers by sanguinary direct-action. The National Industrial Recovery Act, with the best of intentions toward organized labor as outlined in section 7-A, seemed to have met with a barrage of violent industrial disputes almost unparalleled in American history, but quite in keeping with the unhappy spirit of 1934.

### Thousands Killed in Spain

Hell broke loose in Spain in October, when republicans rose all over the peninsula against a diehard government under Premier Lerroux which was in control at Madrid. Spain was becoming a republic which suppressed her republicans and the reforms of the revolution of 1931; for the Popular Action of the reactionary Gil Robles has won a parliamentary ascendancy through woman-suffrage. This meant a restoration of special church privilege in educational and social matters, and a retention of the vast landed estates which were slated for subdivision among the impoverished peasantry. Liberals, Catalan separatists, and Basque insurgents struck out in Madrid, Barcelona, San Sebastian, and the Asturias; and Ex-Premier Azana, greatest of Spanish statesmen, identified himself with the rebels.

The army remained loyal to the Madrid government, to the surprise of many liberals, and the revolts were crushed piecemeal after the bloodiest fighting to the tune of thousands of casualties. Virtual civil war had taken place, accompanied by strikes and riots and anarchist plots, and the rational progress undertaken by Spanish republicans seemed to have been crushed out by clerical and agrarian elements with medieval ideologies. Religious freedom is hanging in the balance in Spain.

Hardly had the Spanish troubles abated when King Alexander of Yugoslavia was assassinated in Marseilles (October 9), in company with Foreign Minister Barthou of France, who was acting as his host. A Croat nationalist behind a submachine-gun killed the two men as they rode in an automobile, and the happening was symbolic of the distressed state of Yugoslavia. There the Catholic Croats and Orthodox Serbs, who use western and eastern alphabets respectively, had been at one another's throats since their union after the World War; and the extremist dictatorship of Alexander suppressed civilized Croatian autonomy (*Continued on page 62*)



**SILVER IS BETTER THAN GOLD** in China. But note the nonchalant manner in which the precious metal is handled and permitted to be scattered around the street. What appears to be an armed guard is merely a delivery boy carrying goods hung from the end of a pole.

China has been seriously affected by the Silver Purchase Act as passed by the last Congress and put into effect by the President. The vigorous buying program at Washington has naturally forced up the world price of silver and threatens to denude China of her silver stocks. A spokesman for China claims that every increase in the price hits the Chinese Government directly in its pocketbook. In the effort to protect herself China has placed an export tax on the white metal amounting to 10 per cent.



Courtesy Dollar Steamship Lines, Inc.

## THE PULSE OF BUSINESS

**O**UR REVIEW OF REVIEWS index of general business shows a rise for the month of October. It stands at 52.2 per cent of normal, up from 50.9 per cent for the month of September. The high point this year was for May, when the index reached 62.6 per cent of normal, followed by a decline that carried it down to a September low.

This October mark of 52.2 compares unfavorably with 58.2 in October a year ago and 52.8 in October, 1932. The data in detail will be found on page 56.

Cotton consumption indulged in a marked upward swing in October—525,000 bales, a larger amount than in any month since May and slightly higher than in October of last year. The effect of our cotton strike is apparent in the low figure of 296,000 bales consumed in September.

Automobile production in September and October dipped below the corresponding months of 1933, as might have been expected after the heights reached in the first eight months of this year. November will presumably show the usual seasonal halt in production while new models are in experimental stages.

Building construction this year had been running consistently ahead of last year. But in the last two months—September and October—there has been noticeable slipping when we compare 1934 with 1933. Nevertheless, the October figure shows a rise to the highest point since last January.

In our financial group, this past month of October shows bond sales at a higher total than in the same month of 1933 and 1932. Stock sales are about half the

corresponding figures of the two earlier years. Bank debits in New York City remain noticeably consistent; but since stock sales have fallen off this failure of bank debits to decline should indicate an improvement in general business in the metropolis.

### Eccles of Utah

For Governor of the Federal Reserve Board the Administration goes to Utah. If it had gone farther away from Wall Street it would have reached out to San Francisco, which has no mean stock exchange and financial district of its own. But the more we hear about Marriner S. Eccles the more he measures up to his job.

Frankly it is an instance of promoting a man who for a short time has made good on a smaller assignment. Since January he has been an Assistant Secretary of the Treasury. But before that, out in Utah, Mr. Eccles was a banker and industrialist who found the state too small for his energies. He was president not merely of the First Security Bank of Utah, but also of the First Security Bank of Idaho, the First Security Bank of Wyoming, and several other financial institutions.

Besides, Mr. Eccles was president of a construction company, a milk company, a lumber company, and vice-president of a beet-sugar company. He is forty-four years old, of Mormon ancestry, a graduate of the Utah State Agricultural College.

Since he comes to his new job by way of the Treasury Department, it is rea-

sonable to conjecture that the new Governor of the Federal Reserve Board will play ball with the Treasury and the Administration; a situation not at all to the liking of those who—Senator Glass, for instance—would wish to see the Board act independently of the Government in certain vital decisions that now and then have to be made. He succeeds Eugene R. Black of Atlanta, Governor of the Board since May, 1933.

### Profits in 1934

As these pages are scanned by the reader the year 1934 will be entering upon its last month. Has it been a good year for business, or a bad year? Everyone will know the answer in so far as it relates to himself. But how about his neighbor? What of Big Business in general?

Examination of earnings reports covering the first nine months of 1934 is illuminating. Take first the railroads, furnishing freight and passenger service which this year probably will bring them as much as 2.5 billion dollars. The figures show that 1934, in its first three quarters, brought business to the railroads that was 7.2 per cent larger than in the same portion of 1933. Not much to shout about, for a recovery year.

When we examine the record closer we discover that costs were higher—fuel, for example—and that the roads distributed their entire gain to others, in the common urge toward a new basis of prosperity. In other words, last year's net railway operating income for nine months was 341 million dollars, this



year's 342 million. If we look even closer at the record we note that all the gain was in the period from January to March. From May to September revenues were less than in the same months of 1933. Thus we may venture a guess that for the railroads the year 1934 will end up a little worse than 1933.

Turn now to public utilities, and take five leaders: American Telephone and Telegraph, Brooklyn Union Gas, Consolidated Gas of New York, Peoples Gas of Chicago, and United Gas Improvement, serving Philadelphia and vicinity. For nine months in 1933 their combined net income was 168 million dollars. For the same period in 1934 it was 143 million, a drop of almost 15 per cent. Higher taxes, higher costs for fuel and labor under NRA, lower rates for service (voluntary and compulsory), make 1934 the real depression year for our public utilities.

Two other large industries which we have subjected to analysis recently in this magazine, one each month, are automobiles and food. Our automobile makers sold in ten months this year 70,846 more cars than in the whole year 1933. Excluding Ford—which is privately owned and makes no reports of profits—only two companies, General Motors and Chrysler, are out of the red. Chrysler sold 35 per cent more cars in nine months of 1934 than in the same period of 1933 but made 2½ million dollars less. Thus General Motors alone, from the standpoint of profits, can mark 1934 down as a recovery year.

Food companies are unique in that most of them paid dividends in every year of depression. But rising costs

for raw materials, largely a result of processing taxes, have brought new burdens. Five typical companies from among the largest—Corn Products, General Foods, Loose-Wiles, National Biscuit, and Standard Brands—report 37 million dollars of net earnings in nine months this year, compared with 39 millions in the same period last year. For food companies, therefore, 1934 hits new depression depths.

It is when we examine the reports of a miscellaneous group that a picture of 1934 prosperity emerges. We take five: DuPont, General Electric, Radio Corporation, Underwood Elliott Fisher, and Union Carbide. Every one of these—and our selection was made at random—shows profits that range from 46 per cent higher to 125 per cent. For them the corner has been not merely turned

but left far behind. Their third-quarter reports make most cheerful autumn reading.

#### A Rise in Foreign Trade

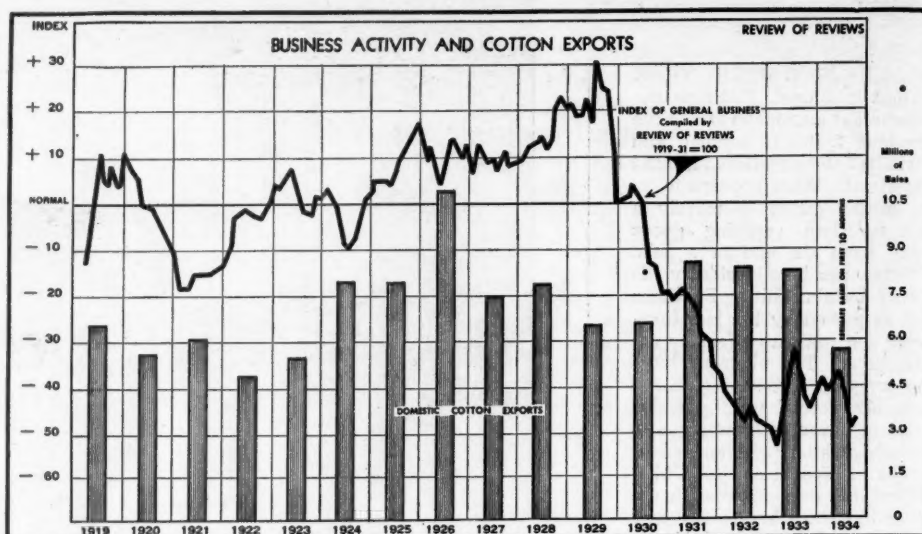
A small but definite measure of improvement in foreign trade lends cheer to business and the Administration. There is one dark spot, a decline in cotton exports during August, September, and October that reaches the astonishing proportion of 45 per cent when compared with the same three months of 1933. And cotton ordinarily represents one-fifth of our exports.

Cotton exports to Germany, in this present crop season—August 1 to November 9—amount to 177,000 bales, compared with 562,000 in the same weeks of last year. To Great Britain they total 205,000 bales, compared with 468,000 a year ago. To France, 147,000 compared with 360,000. Japan, however, busily engaged in expanding her cotton textile industry, has become our best customer for raw cotton—buying 560,000 bales so far in this crop year, slightly more than a year ago.

During the crop year that ended with July, 1933, we exported 8.4 million bales of cotton. During the succeeding crop year, ended last July, we exported 7.5 million bales. But during the first fourteen weeks of the current season—August 1 to November 9—our cotton exports aggregated only 1.5 million bales compared with 2.7 million in the same weeks of 1933.

It is a decline of 45 per cent. If sustained it is a lost market for 4½ million bales yearly.

(Continued on page 56)



THE HEAVY LINE represents the "Review of Reviews" index of general business. It has shown a steady decline in recent months, but figures for October indicate a slight rise. The bars represent domestic cotton exports (excluding linters), which have experienced a marked falling-off this year and especially in the last three months.



A RISE in the foreign trade of the United States so far this year is more noticeable in our exports than in our imports. The "favorable" balance is so marked as to be quite unfavorable if we hope ever to restore normal trade relations with the outside world. How to encourage imports, painfully, is a problem engaging the attention of Administration leaders.



In the Department of Justice Museum of Crime—Some personal effects of the late Public Enemy No. 1, John Dillinger

# Putting Gangdom on the Spot

By JO CHAMBERLIN



**UNCLE SAM'S** men are tracking down the public enemies with encouraging regularity. The tabloid Robin Hoods are on the run, and the federal men intend to keep them there. Do you know who gets the credit?

**"PRETTY BOY FLOYD"** died with a .45 automatic in one hand and another in a holster, when the authorities dropped him with a burst of fire near East Liverpool, Ohio. He had fired neither of these weapons—he hadn't had time.

An even more significant fact is that long before his death "Pretty Boy" had repeatedly offered to give himself up, if the Department of Justice agreed not to ask the electric chair. The Department had said that he

could turn himself in if he wanted to, but that there would be no bargaining. And if he decided not to come in, they would keep after him until they got him—which they did.

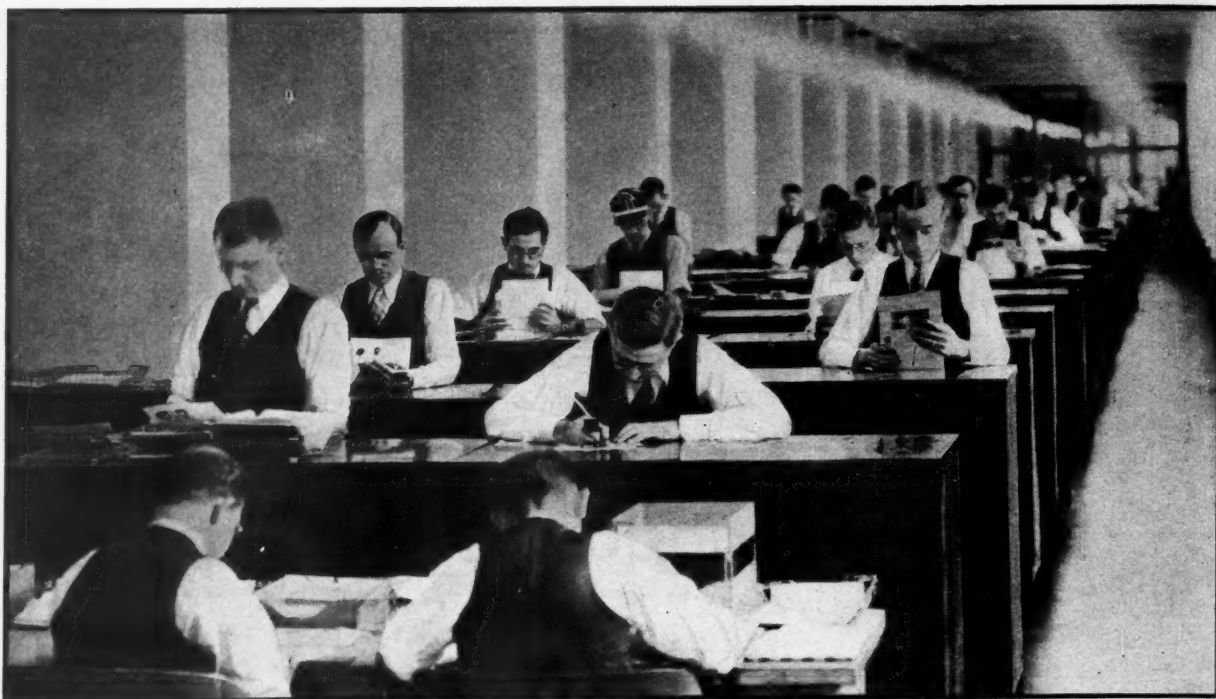
"Pretty Boy" Floyd had an extensive funeral. Some 20,000 morbidly curious Americans attended the burial service

at Salisaw, Oklahoma, coming from afar in buses, automobiles, wagons, buggies, on horseback and afoot. But whereas 20,000 thus paid homage to a hero, it would be fair to say that 20,000,000 other Americans felt that Floyd had been nothing but a cheap crook who had gotten what was coming to him.

Mr. George "Baby Face" Nelson, at this writing, has been elevated to Public Enemy No. 1, succeeding the late Mr. Floyd and the late Mr. Dillinger. Mr. John



**A BARKING GUN** talks a language any gangster can understand. The Division of Investigation's men in the field qualify at least once a month on the shooting range. An important part of the training of each new investigator is learning to shoot quickly and accurately with all types of firearms: automatic, rifle, submachine gun and automatic rifle. The results of this intensive practice speak for themselves.



Photographs from U. S. Dept. of Justice, Division of Investigation

A SECTION of the Identification Unit, Department of Justice. Fingerprints of over 4,500,000 persons are kept on file. New ones arrive daily from 7,000 contributors in the United States and foreign countries. No one has ever devised a successful method of altering or destroying his fingerprints. Over 46 per cent of the persons whose fingerprints are turned in for identification have previous criminal records.

Hamilton, another Dillinger associate, has assumed the dubious honors and responsibilities of Public Enemy No. 2, and the war against crime goes on. For the first time in this writer's recollection, a large segment of the population is actively rooting for the law. The average citizen, who has been inclined to wash his hands of both cops and robbers, is rebuilding his hopes.

### Our Tabloid Robin Hoods

He has not been moved by political promises of reforms. Indeed, these are customary rites on being sworn into office. But he reads the newspapers, he sees the newsreels, and he listens to the radio. They all tell the same story. The Page One gangsters and crooks are being run to earth with surprising regularity. And when the showdown comes, what exploded myths these Robin Hoods turn out to be!

The answer to this surprising change in public opinion may be found in the work of the Department of Justice at Washington, and, more particularly, its Division of Investigation, headed by John Edgar Hoover. During the past two years the newspapers have given endless columns to the exploits of criminals. Most of the notorious bank robbers, kidnappers and extortionists have ended the same way; they were run to earth. The guilty parties in the Boettcher, McMath, Urschel, O'Connell, Factor and Robles cases, for example, are all behind bars or under six feet of earth. The Stoll and Lindbergh cases are still pending. Fugitive Robinson in the Stoll kidnapping will probably be arrested shortly, and Bruno Richard Hauptmann goes on trial at Flemington, New Jersey, in January.

The public likes a winner, and has been quick to heap praise on the men responsible. They do not take this very seriously. The agents, for example, who ran down Dillinger and Floyd, were given high praise

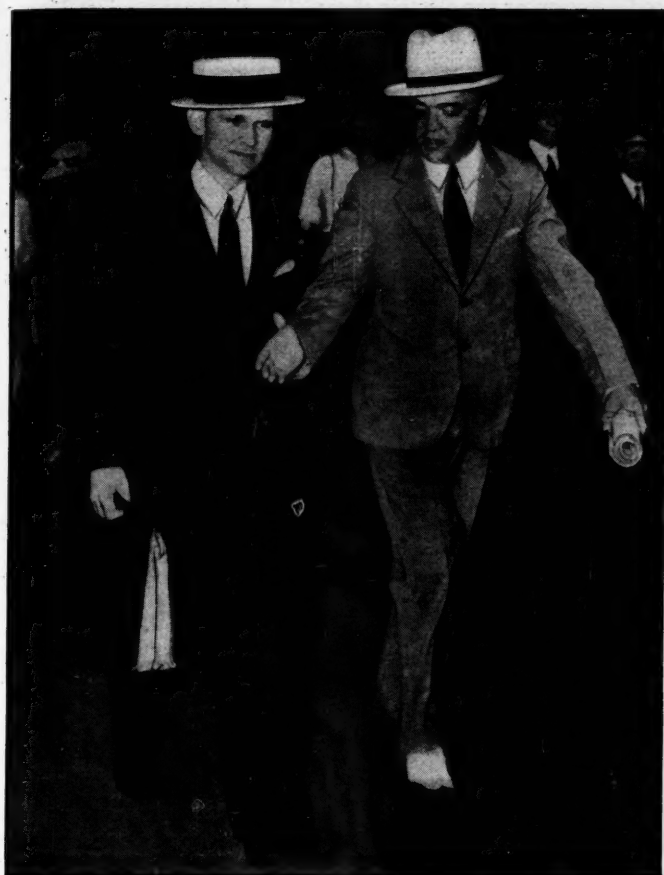
following these exploits. Yet only a few weeks before, they were being roundly condemned. So, the Division of Investigation proceeds steadily ahead, not above a little showmanship now and then, but carrying on a systematic, coördinated campaign from coast to coast against what are euphemistically termed the anti-social members of society. Mr. Dillinger was said to be suffering from a psychopathic dread of being confined. The Division labors under no such delusions.

The present personnel and efficiency of the Division of Investigation begins in 1924 when Harlan Stone, then Attorney General, appointed John Edgar Hoover as Director. Hoover began to clean house, and gradually eliminated the political job holders. He began the extensive collection of fingerprints which now numbers over 4,500,000 and is the largest in the world. He established a training school, in which each Special Agent learns the latest technique in crime detection, the proper presentation of evidence in court, and how to shoot fast and straight. As Mr. Hoover says, "The only thing that gangsters fear is death. They don't mind jails, because they can get out of them or be released on parole—the biggest racket in the country. But they fear a man who meets them with his gun and can shoot quicker and straighter than they do."

The Division is a quick functioning machine with many ramifications. The organized brains, courage and skill of many men can always overcome that of a few. Five hundred and fifteen trained investigators, backed up by the identification and scientific laboratories, and combined with local and state police, constitute a vast law and order machine which no single criminal or single gang can long defeat. You can't fight an army.

The Division of Investigation handles only certain types of federal cases. It does not investigate violations of the narcotic laws, postal laws, smuggling, coun-





THE GENTLEMAN reaching for the briefcase of Special Agent Melvin Purvis is John Edgar Hoover, able Director of the Division of Investigation of the Department of Justice. UPPER RIGHT is the unheroic countenance of Lester M. Gillis, better known as Baby-Face Nelson. He now has the dubious honor and responsibility of being Public Enemy No. 1, succeeding the late John Dillinger and the late Pretty Boy Floyd. Gillis is wanted in connection with the murder of Special Agent W. C. Baum of the Division of Investigation during the Dillinger hunt.

terfeiting and immigration. It does investigate such matters as bankruptcy and anti-trust law violations, crimes on the high seas, frauds against the Government, bribery of Government officials, robbery of national banks, Mann Act violations, kidnapping, extortion, and certain kinds of racketeering.

It has offices in thirty cities. Men are shifted as the need arises. In the Stoll kidnapping, several agents began work in the region, and in one day had named the kidnapper. Of the Division's investigative personnel, 373 have college degrees while over 83 per cent have legal training or were expert accountants before entering the service. The latter ability is especially valuable in untangling banking frauds and in certain bankruptcy cases.

### What Happened in 1934

During the fiscal year 1934 the Division secured 93.81 per cent convictions in all cases investigated and brought to trial. Convictions averaged about ten a day for the year—3,531 all told, and the sentences added up to cover 5,000 years—which is time enough to read a lot of newspapers. Fines totalled \$773,000 and property recovered amounted to \$1,117,000. Eighteen million dollars was saved the Government in war risk insurance. Stolen vehicles to the value of \$24,000,000 have been recovered by the Division since 1919 under authority of the Dyer Act.

In addition to its own investigations, the Division acts as a clearing house for information of all sorts. The identification unit, for example, receives 2,500 fingerprints daily from 7,000 sources in the United States and abroad. Identification service is furnished at no cost to police departments and other agencies. It is found that over 46 per cent of those persons whose prints are turned in for identification have previous criminal records.

In addition to the regular fingerprint file, there is a file of *single* finger prints of the more notorious kidnapers, bank robbers, and extortionists. In this manner latent fingerprints, or those picked off objects where their owners never intended to leave them, can be traced. Here is a typical case.

During November and December of 1932, Joseph F. Cannon of Cannon Mills, Inc., received fourteen letters demanding a substantial ransom under threat of kidnapping his two-year-old granddaughter, Ann Reynolds, and his own eighteen-year-old son, Joseph F. Cannon, Jr. A fingerprint was found on one of the extortion letters by a local police official and forwarded to the Division. During an effort to collect the ransom one Odell Carlisle Boyles was arrested at Atlanta, Georgia. Boyles' fingerprints corresponded to the print on a ransom letter, and with great surprise he confessed. He had taken great pains to avoid leaving any prints, but he had made a slip.

# WANTED



## LESTER M. GILLIS,

AKA: GEORGE NELSON, "BABY FACE" NELSON, ALEX GILLIS, LESTER GALE, "BIMBY" WILLIAMS, "DOC GEORGE" NELSON, "BIMBY"

On June 23, 1934, Homer S. Cummings, Attorney General of the United States, under the authority vested in him by an Act of Congress approved June 6, 1934, offered a reward of

# \$5,000.00

For the capture of Lester M. Gillis or a reward of

# \$2,500.00

For information leading to the arrest of Lester M. Gillis.

### DESCRIPTION

Age, 35 years; Height, 5 feet 4-5/8 inches; Weight, 155 pounds; Build, medium; Eyes, yellow and gray; Hair, light chestnut; Complexion, light; Occupation, actor.

All claims to any of the aforesaid rewards and all questions and disputes that may arise as among claimants to the foregoing rewards shall be passed upon by the Attorney General and his decisions shall be final and conclusive. The right is reserved to divide and allocate portions of any of said rewards as between several claimants. No part of the aforesaid rewards shall be paid to any official or employee of the Department of Justice.

If you are in possession of any information concerning the whereabouts of Lester M. Gillis, correspond immediately by telephone or telegraph collect to the nearest office of the Division of Investigation, United States Department of Justice, the local office of which are set forth on the reverse side of this notice.

The apprehension of Lester M. Gillis is sought in connection with the murder of Special Agent W. C. Baum of the Division of Investigation near Rhinelander, Wisconsin on April 23, 1934.

JOHN EDGAR HOOVER, DIRECTOR,  
DIVISION OF INVESTIGATION,  
UNITED STATES DEPARTMENT OF JUSTICE,  
WASHINGTON, D. C.

June 25, 1934

There's always a slip-up somewhere. Experienced investigators are willing to leave the "perfect crimes" to the scenario writers. In a Minneapolis hide-out Dillinger didn't intend to leave any prints either, but he did. They helped to convict Evelyn Frechetti of harboring a fugitive; the result was two years in prison.

The fingerprint unit also serves useful civil purposes in determining the fitness of applicants for public office or positions of trust, in ascertaining the whereabouts of missing witnesses or defendants in civil suits, and in identifying unknown dead persons or amnesia victims. Fingerprinting is particularly valuable in civil service. During the fiscal year 1929, for example, it was found that one person in every thirteen fingerprinted by the Civil Service Commission was found to have a criminal record, with offenses varying from disorderly conduct to counterfeiting, arson, burglary and murder. Apparently these identifications have caused fewer persons with such records to apply for public jobs, for during the fiscal year 1934 but one person in every forty-two fingerprinted by the Commission had a previous criminal record.

### Backing Up the Police

This identification service, which is furnished law enforcement agencies and other properly constituted authorities without cost, is continually growing. It has been found extremely useful by municipal and state governments in the granting of concessions, liquor licenses, and the like. Judges also find a man's criminal record, if he has one, helpful in determining the character and duration of his sentence. A long list of previous offenses tells its own story.

The Division prides itself on the speed with which identifications can be made. In order to hold suspected persons in jail, to keep shyster lawyers from "springing" them, all inquiries are answered within thirty-six hours, or less, by mail, air mail, or telegraph when requested.

In the past one of the major difficulties faced by police officers was the lack of a scientific laboratory of the highest rank. While a few of the larger cities had experts, the smaller cities had none at all. In 1932 the Division established its technical laboratory, whose services should be available to all law enforcement agencies desiring them, at no cost.

### Convicting a Man with a Microscope

It has the latest equipment, such as the comparison microscope in which the images of two separate bullets are brought within a single eye-piece; the binocular microscope for the examination of handwriting, typewriting and other specimens; the ultra-violet lamp for the detection of invisible inks, colorless stains, and the like; special cameras for photographing fingerprints on objects; and chemical apparatus for the examination of blood stains, or for qualitative and quantitative analysis.

The technical laboratory is useful in civil life. Questioned documents can be examined, the handwriting compared with undisputed samples, alterations revealed with chemical tests, typewriting identified, and the existence of watermarks or other characteristics noted. A complete collection of different kinds of paper, watermarks, tire tread patterns, bullets, and gun-powders is being gradually built up. The analysis of hairs and fibres is an important part of the work, and such minute substances have helped send more than one person to

prison or the electric chair. The evidence against Bruno Hauptmann illustrates what a vast amount of scientific data can be built up with painstaking effort.

The Division attributes its high record of convictions, 93.81 per cent, to the personal qualifications of its investigative personnel. The typical investigator is slightly over 35 years of age. The majority have college degrees, and many know foreign languages. A wide variety of trades and professions is represented, and wherever possible this previous experience is made use of. In the Southwest are former ranchers, cowboys and Indian experts. In the Northwest are former cattlemen, lumbermen, railroaders and miners. In the East practically every vocation or profession is on tap when needed.

### Bank Clerks, Boilermakers, Botanists

The force includes former state policemen, sheriffs, chiefs of police, private detectives, teachers, farmers, lawyers, aviators, electricians, mechanics, boiler-makers, restaurant workers, storekeepers, pharmacists, radio broadcasters, bank clerks, musicians, salesmen, and the like.

An agent familiar with Indian dialects solved the murder of the young woman student on an Indian reservation several years ago. Another agent, who had peeled potatoes in the army, peeled his way into the confidence of an extortioner working in a restaurant. A former mechanic made use of his experience in tracing sabotage by a riveter working on a dirigible. So it goes.

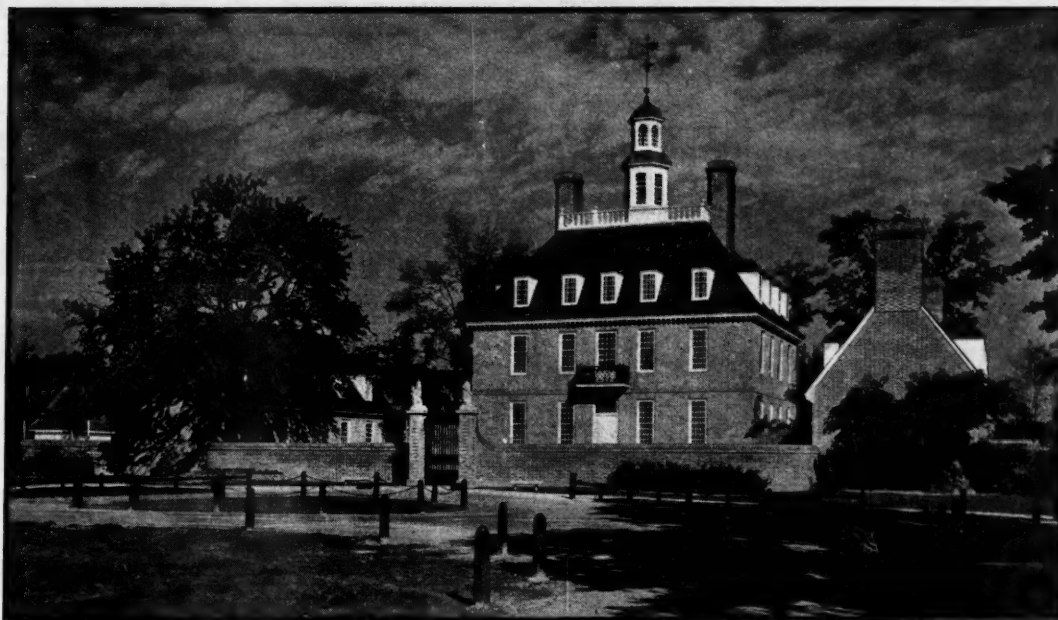
All the men can shoot fast and straight, with pistol, rifle, riot gun, submachine gun, or automatic rifle. Each man qualifies monthly on the shooting range, believing that flying lead is a language any gangster can understand. If necessary, the men are willing to shoot it out, and they do not always come off unscathed. Six agents have lost their lives since 1925, while others carry bullets in their bodies today as souvenirs of dead or vanquished foes.

### A Coördinating Body

The Division, however, does not base its campaign upon the personal courage and initiative of its men. Essentially, it is a coördinating agency for the law and order forces of the cities and states. It has no wish whatever to federalize the forces of law and order. As a particular part of its coördinating work, the Division publishes a monthly bulletin of Fugitives Wanted by Police which is widely circulated. It also publishes crime statistics which show trends, where effort must be placed in the future. Figures show, for example, that more criminals are arrested at the age of 19 than any other age. This means much.

An encouraging fact is that the statistics do not show any "crime wave" going on at present, except in the headlines. This is not to minimize the tremendous job which lies ahead—but a start has been made.

The job of holding off the gangster, the kidnapper and the thug is too big for any one group. Crime prevention calls for the services of many people; the lawyer, the doctor, and the sociologist as well as the police officer, the welfare worker, judge, and penologist. These people must begin their work early. By the time the authorities arrest a lawbreaker, the records show that not much can be expected in the way of reform. It is a well established truth that "crime prevention begins in the high chair, not the electric chair."



THE Restored Governor's Palace, Williamsburg, Virginia.

## The Rebirth of a City



**HISTORIC WILLIAMSBURG** is regaining its vanished splendor. Its public buildings, homes, gardens and streets are being carefully restored by John D. Rockefeller, Jr., to their eighteenth century glory. What has been accomplished—what remains to be done.

By **KENNETH CHORLEY**

Vice-president, Colonial Williamsburg, Inc.

**M**ORE than twenty years ago a passenger debarked from a boat at Jamestown Island, Virginia, and started to walk the six miles to Williamsburg over a rough country road. On the way he was glad to accept a ride in an old buggy driven by an aged Negro.

Williamsburg, as he saw it then, was a peaceful little city whose interests largely centered about the ancient College of William and Mary. Once it had been the capital of the far-flung Virginia Colony and first capital of the commonwealth. A number of eighteenth century colonial buildings were still standing as reminders of the city's golden age. Here and there along the once grand Duke of Gloucester Street, the city's main thoroughfare, were less suitable structures which had replaced some of the ancient dwellings and landmarks. With it all, the city had a certain charm and atmosphere reminiscent of its proud past.

On October 20th, 1934, this same visitor returned. This time he journeyed to Williamsburg on a special train and travelled in an open car preceded by an escort of motorcycle police. Near the ancient capitol, now faithfully reconstructed on its old foundations, he was welcomed by the mayor, who presented an illuminated parchment scroll proffering the freedom of the city very much in the manner of his predecessors two hundred years ago.

He rode along flag-lined Duke of Gloucester Street, past throngs of men, women and children who had gathered to do him honor, to the College of William and Mary. There on the steps of America's oldest academic building, the restored Sir Christopher Wren building, he saw his friend, Mr. John Stewart Bryan, installed as nineteenth president of the institution, and himself received the honorary degree of Doctor of Laws from the Alma Mater of three other presidents of the United States—Jefferson, Monroe and Tyler.

That visitor was President Franklin Delano Roosevelt, and he revealed something of his fondness and fine feeling for the ancient city in an address that recalled his earlier experience here.

"What a thrill it has been to me", said the President to the crowds at the college, "to return today and have the honor of formally opening the reconstructed Duke of Gloucester Street, which rightly can be called the most historic avenue in America; what a joy to come back and see the transformation which has taken place, to see the Capitol, the Governor's Palace, the Raleigh Tavern, born again, to see sixty-one colonial buildings restored, ninety-four colonial buildings rebuilt, the magnificent gardens of colonial days reconstructed—in short, to see how through the renaissance of these physical landmarks the

atmosphere of the whole glorious chapter in our history has been recaptured."

The reopening of the Duke of Gloucester Street, which President Roosevelt called "The most historic avenue in America", was a milestone in the history of Williamsburg and the restoration, which John D. Rockefeller, Jr., has carried forward uninterruptedly during the past seven years.

The formal reopening of this restored street has knit together with a fine sense of unity and climaxed a work of research, reconstruction, restoration and creative artistic effort in many directions which can be found in no other place in this country. It is not too much to say that nothing quite as comprehensive or as completely devoted to authenticity, patriotism and good taste has been undertaken in precisely this fashion. Architects, archaeologists, scholars, experts in furnishings and decorations in other fields, and craftsmen of all kinds have worked from the beginning to insure the authenticity of each detail in a very comprehensive and somewhat perplexing program.

To appreciate what this unique transformation means, one must look briefly to this city's historic background. The site of Williamsburg was Middle Plantation, a settlement which was fortified from the Indians by a six-mile palisade in 1633. A horse path straggled through the settlement, which soon became "the very heart and center of the country". After fire destroyed the State House at Jamestown, a capital city was staked out





Photographs © Colonial Williamsburg, Inc.

SIR CHRISTOPHER WREN building of the College of William and Mary, the oldest academic building in America.

in Middle Plantation in 1699, and named Williamsburg in honor of the reigning king, William III. The horse path was broadened and straightened, and became the main street of the new capital city, and was called the Duke of Gloucester Street in 1705 in honor of Queen Anne's eldest son.

This street was "a noble great street" six poles (99 feet) wide, and seven-eighths of a mile long. Its western terminus was the College of William and Mary, chartered in 1693, the second oldest college in America. The main building of the college was designed by Sir Christopher Wren, and its sturdy brick walls have survived three disastrous fires.

The eastern terminus of the street was the Capitol building, now reconstructed on its original H-shaped foundations, from extensive archaeological and historical records, which was described in 1724 as "a noble, beautiful and commodious Pile as any of its Kind".

Between these two monumental buildings are numerous buildings of historic and architectural significance, most of which have been restored or reconstructed. There is Bruton Parish Church, the court church of the colony, built in 1715 on the site of a still earlier church; an octagonal arsenal built in 1714, which was the Powder Magazine of the Colony; Raleigh Tavern, the "cradle of the revolution in Virginia"; the town and county court house; an old brick mansion that had been the town house of the Ludwells of Green Springs in 1717; the Market Square Tavern; a brick shop called the Sign of the Golden Ball; and numerous other inns, shops and dwellings erected during the seventy years that Williamsburg was a capital.

Flanking Duke of Gloucester Street and along the center of the city is a broad tree-lined green, 210 feet wide—the Palace Green. At its head stands the reconstructed Palace of the Royal Governors, with its kitchen, smokehouse, prison, offices and other outbuildings. The Palace is surrounded by acres of beautiful gardens, formal pleasure gardens, kitchen gardens, and a "falling garden" on terraces originally constructed for Governor Spotswood about 1715, which lead to an ancient canal which was reclaimed from its modern service as a city dump.

Prominent in the work of restoration, was the preservation of the original town plan of 1699, for this was no haphazard city. In 1705, it had a building code with principles as sound as those achieved in the most modern code.

The city was divided into half acre lots, and the lots were to be transferred to householders who were to build and finish one brick house, or a framed house with outside brick chimney and brick cellars under the whole house, to be not less than 20 x 30 feet in size, and to have a roof pitch of not less than ten feet. The houses on the Duke of Gloucester Street were "to front alike" and to come exactly within six feet of the street line. The lots were to be entirely enclosed by "a wall, pales or rails". All this was to be completed within 24 months or the lots would escheat. Special inducements were offered to those who would build larger houses on the "great street". In this way a suitable capital city was erected speedily; the houses were spaced sufficiently to reduce the fire hazard; ample space was provided for the two gardens which were adjuncts to each house, the plea-

sure garden and the kitchen garden. A beautiful green was reserved in the center of the town for a Market Square.

During the nineteenth century a variety of unsightly buildings, garages, and even a motion picture theater encroached upon the ancient common. Generous half acre lots were subdivided and modern structures built upon the subdivisions. For this reason, the demolition of many modern structures and the removal of others outside the colonial area were an important factor in the restoration of the city to its ancient appearance.

While the major program of the restoration is approaching completion, work will continue on special projects for some time. The Capitol, the Palace and its extensive gardens, and the Raleigh Tavern comprise the principal exhibition buildings now open to the public, along with the old Court House in which the archaeological collections of the restoration are on display.

Within a distance of eighteen miles, a panorama of American History spreads before the visitor to Williamsburg. Six miles south is Jamestown, site of the first permanent English settlement, where government archaeologists and historians are studying the ruins of the first capital of the Virginia Colony. Twelve miles east is Yorktown, an ancient port town on the York River, where the culminating battle for American Independence was won, which is being restored by the Federal Government under the auspices of the Colonial National Monument of the National Park Service. These three patriotic shrines are being connected with a beautiful scenic parkway, and here history pauses at its most glorious moments, "that the future may learn from the past".

# • • The March of Events • •

## F. D. R. Speaks

But in the midst of a mid-term political campaign the President has nothing to say about candidates or issues. . . . He offers an olive branch to bankers.

**A**T a veterans' hospital dedication in the Blue Ridge Mountains near Roanoke, Virginia (October 19), President Roosevelt speaks indirectly to the American Legion which is to assemble three days later in Miami.

**SPEAKING** at William and Mary College in restored Williamsburg, Virginia (October 20), upon the installation of John Stewart Bryan, the President refers to "our great universities and their faculties for the development of specialists in science and in scholarship. But at the same time there is a definite place for broad, liberal, non-specialized education and for men and women who, in their thinking processes, will know something of the broader aspects of any given problem."

**ADDRESSING** the nation's bankers, in convention at Washington (October 24), the President declares that "wealth should come as the reward of hard labor of mind and hand. That is what we call and accept as the profit system." The time is ripe, he asserts, for an alliance of all forces—business and banking, agriculture and industry—intent upon the business of recovery.

## Speed in the Air

Record-smashing, London to Australia. . . . Seven miles a minute. . . . First eastward crossing of the Pacific.

**A**RACE from London to Melbourne, Australia, for a \$50,000 prize, is won by C. W. A. Scott and T. Campbell Black, in an English-built plane (October 23). It is the longest race ever held, 11,325 miles, completed in 71 hours at an average speed of 159.1 miles per hour. The previous record from London to Australia, but 2175 miles shorter, was 162 hours, in 1933.

**AN ITALIAN** aviator, Lieut. Francesco Agello, sets a new speed record of 440 miles an hour over Lake Garda (October 23). It is at the rate of 7 1/3 miles a minute.

**A TRANS-PACIFIC** flight from Brisbane, Australia, to Oakland, California, 7360 miles, is completed (November 4) by Sir Charles Kingsford-Smith in an American-built plane. The flight was begun on October 20, and was made in three legs with stops at Suva in the Fiji Islands and at Honolulu. Elapsed flying time, 52 hours. From Honolulu to Oakland,

2400 miles, the voyage required only 15 hours—compared with the former record of approximately 24 hours.

**A DOUGLAS** transport plane, about to enter regular service, crosses the continent from Burbank, California, to Newark, New Jersey, in 12 hours and 4 minutes (November 8), with one stop for fuel at Kansas City. The average speed for the 2609 miles is 216.3 miles per hour.

## Germany, France, Italy

A church controversy in Germany. . . . A cabinet upset in France. . . . A new kind of politics in Italy.

**O**PPPOSITION to the German national church of Chancellor Hitler and Reichsbishop Mueller—"one state, one people, one church"—calls upon the government (October 20) to "recognize that in church matters the church alone is justified to pass judgment and reach decisions upon its teachings and discipline." It hands down an indictment of those in control of the German Evangelical Church and "herewith establishes new bodies of control and leadership."

**AUGUST JAEGER**, legal and political adviser to the Reichsbishop of Germany's new Nazi Church, is forced to resign his post as commissioner for Prussian churches (October 26). His decisions had been satisfactory to neither faction.

**GASTON DOUMERGUE** resigns as Premier in France (November 8), ending a nine-months' political truce. He had failed to win the full support of his own cabinet for his proposed constitutional reforms. Pierre-Etienne Flandin, 45 years old, becomes Premier; he has been Minister of Commerce or Minister of Finance in several recent ministries.

**ITALY'S** corporative state takes definite form (November 10) as Premier Benito Mussolini launches the councils of twenty-two corporations that are to control all industry, commerce, and the professions and also to assume the political functions of the Chamber of Deputies. Each corporation represents an industry or trade or profession; each is headed by Mussolini himself, assisted by a vice-president.

## Railroads

Economy, pensions, speed mark current phrases of action and discussion.

**F**REIGHT-CAR pooling is recommended by the Federal Co-ordinator of Transportation, Joseph B. Eastman (October 24). Saving in the haulage of empty cars, now 2 billion miles annually, might amount to \$75,000,000. There would be five districts.

**COMPULSORY** pensions for railroad employees, under the Railroad Retirement Act, are declared unconstitutional by Chief Justice Alfred A. Wheat of the Supreme Court of the District of Columbia (October 24). The Act is criticized especially because it requires annuities to be paid for services rendered prior to its enactment, amounting to more than \$4,000,000,000.

**A STREAMLINED** train arrives in New York (October 25) 5 minutes ahead of its schedule of 57 hours after leaving Los Angeles. The previous transcontinental record was 71 hours and 21 minutes, established in 1906. For 3334 miles the train averaged 58 1/2 miles an hour, at one time reaching 120 miles. It is made of aluminum alloy, instead of steel, and generates its own power by a Diesel engine that consumed only \$80 worth of oil.

## NRA

Richberg emerges with No. 1 power. NRA itself is declared unconstitutional. . . . but meanwhile carries on.

**T**HE PRESIDENT once more rearranges his advisory group by creating a National Emergency Council (dated October 29). It is composed of cabinet officers, administrators, chairmen, and directors of existing boards and "authorities," more than 30 in number. At its head he places Donald R. Richberg.

**JUDGE** William I. Grubb, in the District Court at Birmingham, holds the National Recovery Act unconstitutional and dismisses indictments for lumber code violations (October 31). The judge acts partly to hasten a ruling on NIRA by the Supreme Court.

**THE AUTOMOBILE** code, widely described as least favorable to militant organized labor because of its merit clause, is extended for three months by the President (November 2).

## Agriculture

Acreage control to be continued in 1935. The farmer's pocketbook fatter by one billion dollars.

**A CORN-HOG** referendum conducted by the Agricultural Adjustment Administration shows (up to October 18) 500,000 replies received from 1,200,000 contract signers. Of those replying, 345,330 favor continuation of production control and 153,181 oppose it. Thus the favorable vote is really only 29 per cent. To date 119 million dollars have been disbursed among producers, and nearly 200 million dollars more remain to be paid.

**COTTON** restriction for 1935 is informally announced by Secretary of Agri-



culture Wallace (October 29). The producers themselves are divided.

A DECLINE of 47 per cent in cotton exports during the first three months of the new crop season is reported (November 5), in comparison with the same months of 1933.

THE AAA forecasts (November 4) that foreign demand for American farm products will likely be less in 1935 than in 1933. It claims a one-billion-dollar increase in cash income for farmers in 1934, including benefit payments.

A DISCUSSION of farm problems by the Secretary of Agriculture, Mr. Wallace (November 8), stresses the greater depression depths reached by the export branches of agriculture—wheat, cotton, hogs, tobacco—and the better position of dairy, poultry, fruit, and vegetables.

PLANS are made public (November 10) for a December vote, by cotton producers, upon continuing the Bankhead Cotton Control Act through the 1935 season.

## Again the Bonus

"Pay now what you have promised to pay in 1945" is recommended to Uncle Sam by the American Legion. But another veterans' group objects.

MEMBERSHIP of 827,850 in the American Legion is reported by National Commander Edward A. Hayes (October 20).

VETERANS of Foreign Wars present to the President (October 22) a request for immediate cash payment of the bonus—due in 1945—as a measure of recovery, placing in circulation much needed purchasing power.

IMMEDIATE cash payment of the adjusted compensation certificates, due in 1945, is "recommended" (October 25) by the American Legion, voting 987 to 183, in convention at Miami. Nearly half of the opposition is New York's 81 votes. Remission of interest already paid on 50 per cent advances is also asked. Payment would require \$2,500,000,000.

FOR national commander the American Legion chooses Frank N. Belgrano, Jr., of California (October 25).

THE American Veterans Association, in convention at New York, calls upon the President (November 10) to recommend the adoption of a constitutional amendment taking from Congress the power to grant pensions to veterans or dependents.

## Gold, Forever!

Gold nations of Europe decide that the rest of the world is out of step.

SEVEN gold standard nations of Europe—France, Italy, Poland, Holland, Switzerland, Luxembourg, and Belgium—meet at Brussels (October 19) to discuss common problems and especially to improve trade relations.

DELEGATES at the gold-bloc conference at Brussels complete their discussions (October 20), confirm their determination to maintain the present gold parity of their currencies, and sign a declaration (Continued on page 12)

## WHAT HAPPENED ON ELECTION DAY

Elections result in a nation-wide sweep for Democratic candidates generally, a victory for liberalism (or radicalism) as against conservatism. Even Republican Pennsylvania goes Democratic, choosing a Democratic Senator for the first time in sixty years and a Democratic Governor for the first time in forty-four years. In Republican New England, out of nine contests for Senator and Governor, the Democrats carry six.

Scattered Republican victories, however, are outstanding; notably the defeat of Governor Ritchie in Maryland, running for a fifth term. In Wisconsin, the brothers LaFollette abandon the Republican party and are elected as Progressives, one to the Senate and the other to the Governorship.

Elections to the Senate give the Democrats 26 seats, out of 34 at stake. They will control the new body 69 to 27 (a gain of 9), or more than 2 to 1.

Elections to the House of Representatives give the Democrats a gain of 8 seats and control by nearly 3 to 1. The new line-up is: Democrats 322, Republicans 103, Progressives (Wisconsin) 7, and Farmer-Laborites 3.

Out of seven states voting upon repeal of prohibition from their state constitutions, Kansas is the only one to remain dry. Those voting wet are: West Virginia, Florida, Nebraska, South Dakota, Idaho, and Wyoming.

Nebraska voters use the initiative to legislate out of existence their legislature of two houses. A single chamber of 30 to 50 members, elected without party labels, will make Nebraska's laws beginning in January, 1937.

Bond issues for relief are approved by the voters: in New York, 40 million dollars; California, including veterans' welfare, 54 millions; Illinois, 30 millions; New Jersey, 10 millions; Rhode Island, 1 million.

## UNITED STATES SENATORS ELECTED NOVEMBER 6

Arizona.....	Henry F. Ashurst, D.*
California.....	Hiram W. Johnson, R.*
Connecticut.....	Francis T. Maloney, D.
Delaware.....	John G. Townsend, Jr., R.*
Florida.....	Park Trammell, D.*
Indiana.....	Sherman Minton, D.
Maryland.....	George W. Radcliffe, D.
Massachusetts.....	David I. Walsh, D.*
Michigan.....	Arthur H. Vandenberg, R.*
Minnesota.....	Henrik Shipstead, F-L*
Mississippi.....	Theodore G. Bilbo, D.
Missouri.....	Harry S. Truman, D.
Montana.....	James E. Murray, D.
(To fill a vacancy)	
Montana.....	Burton K. Wheeler, D.*
Nebraska.....	Edward R. Burke, D.
Nevada.....	Key Pittman, D.*
New Jersey.....	A. Harry Moore, D.
New Mexico.....	Carl A. Hatch, D.*
(To fill a vacancy)	
New Mexico.....	Bronson Cutting, R.*
New York.....	Royal S. Copeland, D.*
North Dakota.....	Lynn J. Frazier, R.*
Ohio.....	Vic Donahey, D.
Pennsylvania.....	Joseph F. Guffey, D.
Rhode Island.....	Peter G. Gerry, D.
Tennessee.....	Nathan L. Bachman, D.*
(To fill a vacancy)	
Tennessee.....	Kenneth D. McKellar, D.*
Texas.....	Tom Connally, D.*
Utah.....	William H. King, D.*
Vermont.....	Warren R. Austin, R.*
Virginia.....	Harry Flood Byrd, D.*
Washington.....	L. B. Schwellenback, D.
West Virginia.....	Rush D. Holt, D.
Wisconsin.....	Robert M. LaFollette, Jr., P.*
Wyoming.....	Joseph C. O'Mahoney, D.*

### \*Reelected.

Democrats succeed Republicans in Connecticut, Indiana, Maryland, Missouri, New Jersey, Ohio, Pennsylvania, Rhode Island, and West Virginia.

In Wisconsin, LaFollette is reelected as a Progressive, formerly a Republican.

In Maine, Frederick Hale, R., was reelected in September.

## GOVERNORS OF STATES ELECTED NOVEMBER 6

Alabama.....	Bibb Graves, D.
Arizona.....	B. B. Moer, D.*
Arkansas.....	J. Marion Futrell, D.*
California.....	Frank F. Merriam, R.
Colorado.....	Edward C. Johnson, D.*
Connecticut.....	Wilbur L. Cross, D.*
Georgia.....	Eugene Talmadge, D.*
Idaho.....	C. Ben Ross, D.*
Iowa.....	Clyde L. Herring, D.*
Kansas.....	Alfred M. Landon, R.*
Maryland.....	Harry W. Nice, R.
Massachusetts.....	James M. Curley, D.
Michigan.....	Frank D. Fitzgerald, R.
Minnesota.....	Floyd B. Olson, F-L*
Nebraska.....	R. L. Cochran, D.
Nevada.....	Richard Kirman, D.
New Hampshire.....	H. S. Bridges, R.
New Jersey.....	Harold G. Hoffman, R.
New Mexico.....	Clyde Tingley, D.
New York.....	Herbert H. Lehman, D.*
North Dakota.....	Thomas H. Moodie, D.
Ohio.....	Martin L. Davey, D.
Oklahoma.....	E. W. Marland, D.
Oregon.....	Charles H. Martin, D.
Pennsylvania.....	George H. Earle, D.
Rhode Island.....	Theodore F. Green, D.*
South Carolina.....	O. D. Johnston, D.
South Dakota.....	Tom Berry, D.*
Tennessee.....	Hill McAlister, D.*
Texas.....	James V. Allred, D.
Vermont.....	Charles M. Smith, R.
Wisconsin.....	Philip F. LaFollette, P.
Wyoming.....	Leslie A. Miller, D.*

### \*Reelected.

Democratic Governors are chosen to succeed Republicans in Nevada, North Dakota, Pennsylvania. A Democrat succeeds an independent in Oregon.

Republican Governors are chosen to succeed Democrats in Maryland, Michigan, New Jersey.

A Progressive succeeds a Democrat in Wisconsin.

In Maine, Louis J. Brann, D., was reelected in September.



# One day in the life of a Visiting Nurse



*Just one incident in the busy day of a Visiting Nurse—Dressing an injured foot to guard against infection.*

*S*HE is but one of about 16,000 women whose days are too short to do all they are asked to do and indeed eager to do, in accordance with the doctor's orders, for those who need their skillful and sympathetic care and direction in hygiene.

Looking for no praise, this Visiting Nurse turned in her report for a single day. From early morning until late afternoon every minute was occupied. But there was no place in her record for her own energy, tact, courage and resourcefulness, or for fatigue, climbing dark stairs, constant drain on sympathy for acute suffering or lost hope.

Her appointments, which averaged about an hour each, began with a call on Mrs. Schmidt—an enema for intestinal disturbance, as ordered by doctor. Then Tim Kelly—lobar pneumonia. Next, Mrs. Jacobs and new baby. John Hopkins—infected leg. Audrey Cohen next—under doctor's orders, gave insulin injection for diabetes. Mrs. Marziotti—prenatal care. Mr. Simmons—a chronic invalid: paralysis. Finally, Lucy Carleton—diphtheria: assisted the doctor in immunizing the other children; arranged home for communicable disease isolation.



The Visiting Nurse Service is one of America's distinguished contributions to the health movement of the world and has been adopted in other countries. Here it is supported by patients whose payments are supplemented by those of organizations that recognize the vast importance of this work which includes education in health. The Visiting Nurse whole-heartedly extends to each patient the benefit of her expert training.

The wage-earner who cannot stay at home when there is illness in the family, but who can afford the part-time service of a Visiting Nurse, goes to work with a lighter heart knowing that she will call at a definite time to do what is required. When possible the Visiting Nurse teaches some member of the family how to give bedside care before she hurries on to her next patient.

Through your telephone book or your doctor, you can find out whether or not there is a Visiting Nurse Service in your neighborhood. These trained graduate nurses are on call in more than 6,000 cities and towns in the United States. The bedside care given by them may help turn a serious illness to full recovery of health and strength.

## METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT

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# GENERAL BUSINESS INDICES

FINANCIAL	OCTOBER, 1934	SEPTEMBER, 1934	AUGUST, 1934	OCTOBER, 1933	OCTOBER, 1932
	Index	Index	Index	Index	Index
Bond Sales—N. Y. Stock Exch.....	\$277,700,000 97	\$286,500,000 118	\$316,500,000 149	\$232,900,000 81	\$189,400,000 66
Stock Sales—N. Y. Stock Exch. (num- ber of shares).....	15,661,000 16	12,636,000 13	16,693,000 17	39,380,000 40	29,200,000 29
Corp. Div. and Int. Payments.....	Not available	Not available	Not available	\$645,000,000 90	\$622,000,000 88
New Corporate Security Issues.....	\$31,390,000 6	\$7,187,000 1	\$8,019,000 2	\$3,110,000 1	\$67,500,000 13
Money Rates in New York City.....	.94% 20	.94% 20	.94% 20	.84% 18	1.29% 28
Bank Debits in New York City.....	\$12,286,000,000 37	\$11,122,000,000 38	\$12,285,000,000 45	\$13,280,000,000 43	\$12,944,000,000 46
Rate of Circulation of Bank Deposits in New York City.....	1.76 36	1.61 37	1.79 43	2.18 45	2.06 42
Index of FINANCIAL ACTIVITY	26.3	26.1	30.6	37.0	37.9
DISTRIBUTION					
Magazine Advertising (Agate Lines)	2,489,000 66	1,955,000 64	1,683,000 67	2,030,000 54	1,246,000 47
Newspaper Advertising (Lines).....	Not available	96,378,000 65	87,692,000 67	105,970,000 64	103,323,000 62
Foreign Trade	Not available	\$324,000,000 62	\$292,000,000 57	\$345,000,000 64	\$259,000,000 53
Merchandise Carloadings (Weekly Average)	408,000 68	392,000 67	383,000 66	414,000 69	408,000 69
Department Store Sales (Federal Reserve Index)	75 77	*75 *77	79 82	70 75	71 80
Bank Debits Outside N. Y. City.....	\$14,465,000,000 53	\$12,869,000,000 53	\$13,421,000,000 57	\$13,027,000,000 52	\$12,354,000,000 56
Rate of Circulation of Bank Deposits Outside New York City.....	1.35 72	1.21 72	1.28 76	1.43 76	1.15 61
Index of DISTRIBUTION	67.3	*66.2	68.3	65.8	62.6
PRODUCTION					
Steel Ingot Production (Capacity)...	24.59% 33	22.74% 31	22.93% 31	37.37% 51	19% 26
Pig Iron Production (Average Daily Tons)	30,679 37	29,935 36	34,012 41	43,300 52	20,800 25
Domestic Cotton Consumption (Run- ning Bales)	525,000 95	*296,000 *59	415,000 90	515,000 93	502,200 91
Total Construction Contracts.....	\$135,500,000 35	\$110,200,000 30	\$120,300,000 32	\$145,000,000 40	\$107,000,000 35
Electric Power Production (Kw. Hours Aver. Daily)	254,000,000 72	239,000,000 69	253,000,000 74	246,000,000 72	227,200,000 71
U. S. Automobile Production.....	**125,000 48	*174,449 *58	244,713 70	130,000 51	48,700 19
Commodity Carloadings (Average Weekly)	227,000 57	216,000 56	222,000 59	237,000 59	223,000 56
Crude Oil Production (Barrels).....	73,222,000 92	73,050,000 97	76,632,000 97	73,840,000 93	65,220,000 83
Bituminous Coal Production (Tons)...	31,844,000 68	27,060,000 65	28,384,000 70	30,360,000 65	32,700,000 70
Portland Cement Production (Capacity)	Not available	34.8% 41	34.5% 40	22.1% 26	34.6% 41
Boot and Shoe Production (Pairs)...	Not available	Not available	35,023,000 107	31,400,000 99	33,000,000 105
Index of PRODUCTION	53.1	*49.3	*59.3	59.7	51.8
INDEX OF GENERAL BUSINESS	.....52.2	.....*50.9	.....*57.5	.....58.2	.....52.8
	**Estimated	*Revised			

## The Pulse of Business

Continued from page 46

How easily foreign trade can disappear, and how difficult it may be to recover, are illustrated by Canada, our nearest and once our best customer. The wisdom of the Hawley-Smoot tariff is not under discussion here, but it may be pointed out that an average of 857 million dollars of United States exports to Canada in 1929-30, before that tariff, became 233 millions in 1933. It was a decline of 72 per cent. Meanwhile Canada's purchases in the United Kingdom, thousands of miles across an ocean, declined in the same depression years by only 55 per cent.

The Dominion was in a retaliatory mood toward Uncle Sam when Britain held its empire trade conference at Ottawa in 1932, and it granted preference to Great Britain for five years. Signifi-

cant indeed, then, are current statistics published at Ottawa indicating that Canada once more is turning to the United States. Purchases during six months ended with September show a gain of 39 per cent in imports from the United States, compared with a 10 per cent gain in imports from Britain. We are getting a large share of Canada's new business.

In other respects the current trend in foreign trade is upward. We take the figures of exports for nine months, and compare them with the same months of prosperity and depression eras:

	Exports, Nine Months (Millions of Dollars)	Per cent of 1929
1925-28 (av.)	3,494	90.9
1929	3,844	100.0
1930	2,952	76.8
1931	1,842	47.9
1932	1,187	30.9
1933	1,194	31.1
1934	1,561	40.6

It is a 30 per cent rise over last year, in spite of lower cotton exports.

Cuba shares notably in this increased demand for our goods. With Cuba it may be a reflection of the benefits of the first treaty negotiated by the President under his new powers—signed on August 24 and followed by a September rise of 35 per cent in our exports to the island republic.

Similar treaties are being arranged by the President and his advisers with certain other countries, under a plan that abolishes both the tariff-making function of the House and the treaty-making function of the Senate. Thus we avoid the tariff dawdling of 1929-30 and the Canadian reciprocity fiasco of the Taft régime, when the Senate refused to ratify a tariff treaty after it had been duly negotiated by the President.

The dark spot in our foreign trade picture is our own failure to buy more goods abroad these days.

## Crystal Sets to Cabinets

Continued from page 37

they may find nothing but a "loss leader" and a few newspaper clippings at the end of the effort. The company and the industry is no enthusiast for "loss leaders", those window-dressing items that always lose money and end in the advertising budget, much to the disgust of the advertising manager.

And then it may be a grand success. Certainly it won't be the same company's first pioneering effort. The symphony orchestra was an institution until they brought it to the air in fifteen-minute installments. It has become almost a fad—an advertising feature that Ford, Lucky Strike, and others have used since. Sponsorship of overseas broadcasting was another pioneering feat, and an outstanding one. The efforts have been diversified but always consistent. A fine reminder of this consistency is the nightly messages of the company's news broadcaster.

What we call the radio, the instrument itself, is taken more or less for granted. But nothing could be more fallacious than taking any part of radio's production or research for granted. A casual visit to one plant today gives the visitor a glimpse of feverish activity. The place is a depression marvel—a throw-back to the halcyon days of '28 and '29. Add to a bustling business perhaps the largest single order ever received—for radios as standard equipment on one of the three best selling cars in America. Add a sudden change in World Series contestants, and rush orders to St. Louis. Then consider this paradox: In the busiest plant in the industry, the cabinets are what, in our present high-speed production era, can still be termed hand-made!

### Pictures Tell a Tale

The pictures in this article show a cabinet finishing story. Not so long ago the research divisions of Philco and a leading paint manufacturer, Sherwin-Williams, got together to solve a mutually profitable problem: a new lacquer with advances in formulation that would aid production quality—quicker drying, better gloss, easier application.

As a production process in a plant working at capacity, and as an example of the ingenuity of an industry in serving the demands of the buying public, the cabinet plant is a fascinating place. You start in the basement, where the rough lumber (lumber in the raw) kiln dried, comes in. Here the preliminary rough cuts are made; the basic lengths, stocks, and patterns. Then to the next floor, and you suddenly realize that there are no conveyors or production lines; that the product moves against gravity instead of with it, as in so many plants you have seen; and that in all phases of finishing you are in a handicraft atmosphere. It is astonishing when you are told that this company leads the field in sales by a wide margin.

To return to the first operations. There are woods and veneers, walnut, mahogany, oak, myrtle burl, gum veneer, walnut veneer, mahogany veneer. First to

the router, to make the small and large decorative openings; then to the belt sander, to give it the smooth satiny body so necessary for the lustrous final finish your skin will love to touch. (The feel of the finished cabinet as tested by the sensitive skin on the back of your hand is one sure rule-of-thumb test.) The veneers are five-ply, meaning that the wood is put in laminated cross-sections of five thicknesses.

### Handwork Is Necessary

The base of the cabinet is hand-joined to the face and also glued. On the small models the sides and top are one continuous, rounded, three-ply veneer. Base molding and cleats are hand applied. On intricate tops, each small cabinet is placed in an individual form for forming and gluing. On large cabinets the first operation is the assembling of an entire side and end stretcher. Front and back post; end panel; three cross rails; all glued together in a gluing form, ready for the next application in the large hand press. Here the large bodies are assembled.

These operations, possibly Greek to you, are vital to you in two ways—your pocketbook and your pride. Keen production management means low costs. If with low costs can be combined the feeling of high craftsmanship—hand craftsmanship—the possessor takes a keener pride in the object he possesses.

Take the finishing operations: The cabinet is dip-stained, actually dipped in a tank of stain to assure complete coverage. Then a coat called the filler is applied, to fill the pores of the wood so that the final finish is smooth and gloss-like. Then a sealer coat. Again the name is explanatory, this coating "sealing" previous work and forming a foundation for the finishing lacquers. A careful inspection to see that no spot has been missed, a touch-up if it has. Shading—spraying some portions and not others to get two-tone effects underneath the clear lacquer. First lacquer coat, drying; second lacquer coat, drying. Hand rubbing. Hand polishing. Final check-up.

Pride in a cabinet that has the human touch. Eight hours used in building a body; a day's work to each, though hundreds are turned out hourly. Everywhere is this paradox: the heaviest production in the industry with the dominance of hand craftsmanship. Again flexibility—this time in pacing up production while cutting production costs, and leaving intact the elementary custom-made production methods. In November, 1934, the plant is hearty proof of vitality in American industry—vitality in this case resurgent. Activity is in the high key. Production is as smooth and lustrous as the finishes on cabinets.

It's a long way from the crystal and the cat's whiskers. But the industry moves so fast that the only thing to think of is the future. Which brings us bang up to television. That is a story still in the making. In this rapid fire set-up, it can't help but soon be in the telling.

## Which Stocks Are a Buy Now?

Write for this report—gratis

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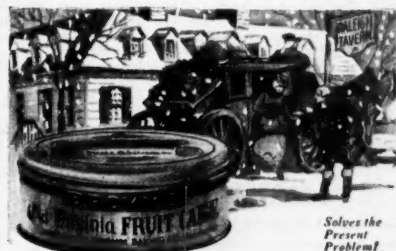
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UNIVERSALLY praised for treasured recipe, highest quality, inimitable flavor. Made of choicest imported fruits, nuts, spices: fine old brandy. Delivery guaranteed, prepaid, in attractively decorated metal containers. 1-Lb., \$1; 2-Lb., \$1.95; 4-Lb., \$3.90; 6-Lb., \$5.75. Just send your list, we'll do the rest. L. BROMM BAKING COMPANY, Inc., Dept. 7.

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## MANAGEMENT RESULTS

The most important factors in appraising investment companies are long term management record and recent management record. The columns below show the amount of net assets each company had on December 31, 1933, and on September 30, 1934, for each dollar of net assets at the beginning of five different periods—indicating the ability of management in *conserving assets* in declining markets and *adding to assets* in rising markets. Adjustments have been made for dividends paid and capital repurchased or issued. The figures below indicate the value on December 31, 1933, of \$1 of assets as of four earlier dates.

	Jan. 1 1930	Jan. 1 1931	Jan. 1 1932	Jan. 1 1933	Rating in Group (4 year record)	First 9 Months of 1934	Rating in Group (9 months record)
<b>Leverage Type</b>							
Adams Express Company	\$0.49	\$0.70	\$1.50	\$1.68	4	\$0.91	5
American International Corp.	0.40	0.52	0.83	1.02	5	1.01	3
General American Investors	0.81	1.08	1.41	1.52	1	0.97	4
Tri-Continental Corporation	0.58	0.68	1.11	1.21	3	1.04	1
U. S. & Foreign Securities	0.58	0.83	1.23	1.25	2	1.02	2
<b>Non-Leverage Type</b>							
Fourth National Investors	0.71	0.89	1.20	1.27	3	1.00	4
General Capital Corp.	0.52	0.71	1.18	1.18	4	1.01	3
International Carriers	0.42	0.59	1.39	1.75	5	0.99	5
Lehman Corporation	0.85	1.05	1.41	1.44	1	1.04	1
Third National Investors	0.71	0.90	1.28	1.35	2	1.01	2
<b>Mutual Funds</b>							
Broad Street Investing	0.76	0.89	1.21	1.23	2	1.10	1
Incorporated Investors	0.50	0.70	1.26	1.51	5	0.94	4
Massachusetts Investors	0.52	0.70	1.23	1.32	4	1.04	2
Spencer Trask Fund	0.57	0.81	1.54	1.68	3	0.87	5
State Street Investment	0.89	1.17	1.62	1.58	1	0.96	3
Standard Statistics 90-Stock Aver.	0.47	0.66	1.24	1.47		0.90	
Standard Statistics 60-Bond Aver.	0.81	0.87	1.03	1.10		1.12	

## BOND AND PREFERRED STOCK DISCOUNT

DISCOUNT as applied to an investment company bond or preferred stock is similar to discount as applied to a non-leverage stock. It indicates the percentage below face value (in the case of bonds) and par value (in the case of preferred stock) at which the bond or preferred stock can be bought in the market.

Some preferred stocks have only a nominal par value (for example \$1), so that here the amount to which a preferred would be entitled legally in the event the company were liquidated is considered synonymous with "Par value". Some companies do not have enough assets to cover such legal requirements, and in such cases the discount is computed from the net asset value of the preferred stock.

In other cases—and in bonds—net assets of the companies exceed such legal requirements (face value in the case of bonds). Such excess provides a cushion; i.e., net assets can decline without impairing legal liquidating requirements; and can decline still further before net assets per share of preferred stock or per bond get as low as the market price. This is called the "safety factor", expressed in a ratio of dollars of total net assets applicable to each preferred share, or each bond, to each dollar of market price of such share or bond.

	Based on prices and reports as of June 30, 1934			
	Bonds Outstanding		Preferred Stock Outstanding	
	Discount Available	Safety Factor	Discount Available	Safety Factor
Adams Express Company	19%	3.5	14%	3.5
American International Corporation	16	1.7	(none outstanding)	
General American Investors Co., Inc.	4	3.6	15	2.4
Tri-Continental Corporation				
(assumed Investors Equity Bonds)	3	5.5	28	1.7
United States & Foreign Securities Corp.	(none outstanding)		14	1.5

## LEVERAGE GROUP RATING

LEVERAGE is a mechanical factor. In figuring leverage it is assumed, first, that no change is made in the type of investments (bonds, preferreds, common stocks) owned by a company; and, next, that either that company's common stock holdings rise a certain per cent or its total assets rise a certain per cent. After computing such rise, a further computation is made to determine what would be the asset value of the company's common stock after either such rise. The ratio of its then asset value to present market price indicates the degree of leverage. Because Adams Express normally invests heavily in common stocks, its leverage in relation to that of the other four companies is greater when a 100 per cent rise in common stock holdings is assumed than when a 100 per cent rise in total assets is assumed.

	June 30, 1934		Assuming rise of 100% in				Rating in Group
	Asset Value	Market Price	Com. Stock Portfolio	Ratio to June 30 Market Price	Total Assets	Ratio to June 30 Market Price	
Adams Express Company	\$6.97	8 3/8	\$21.56	2.57	\$23.05	2.75	4
American International Co.	5.79	7 1/8	19.74	2.51	25.30	3.21	3
General American Investors	6.47	8	19.60	2.45	21.09	2.64	5
Tri-Continental Corporation	2.71	4 1/8	13.40	2.90	18.75	4.05	2
U. S. & Foreign Securities Corp.	0.66	10 1/2	38.04	3.62	44.08	4.20	1

## DISCOUNT GROUP RATING

Common Stock of:	Discount Sept. 30, 1934			
	Asset Value	Market Value	Discount	Rating in Group
Fourth National Investors	29.31	20 1/4	30.9%	2
General Capital Corp.	27.61	19	31.2	1
International Carriers, Ltd.	7.92	6	24.2	3
Lehman Corporation	81.57	69	15.4	5
Third National Investors	24.30	19	21.8	4

DISCOUNT indicates the percentage difference between the asset value of a non-leverage stock and its market value. If a stock with an asset value of \$100 per share can be purchased for \$80 per share, the discount is 20 per cent.

## Investment Trusts

Continued from page 33

the sale of their shares, this commission should be amortized as part of the cost of securing management.

In the realignment of investment company affiliations we find one of the most important phases of the entire movement. While some of this realignment has been away from banking and brokerage affiliation, the most important aspect of it has to do with the acquisition by a few strong units of many of the smaller units which, to a greater or lesser degree, fell upon evil days.

The first company to recognize the advantages of acquiring weak units at attractive prices during the depression was Atlas Corporation, and to date it has secured control of more than 25 individual companies, 14 of which have been completely absorbed. Among those acquired were a group of companies organized by Goldman, Sachs—Blue Ridge, Shenandoah and Goldman, Sachs Trading Corporations. Since 1923 Atlas has grown from a privately owned corporation with assets of only about \$40,000 to a giant of \$115,000,000, whose common stockholders number about 40,000.

The Equity Corporation was formed in December of 1932, and in less than two years it has acquired five investment companies, two of which it has absorbed. It has also acquired a dominant interest in the United Founders Group, with assets of close to \$50,000,000, as well as branching out into the field of insurance which, because insurance company assets are invested chiefly in securities, is closely allied to the investment company field. Equity not only controls General American Life Insurance Company of St. Louis, which took over the business and roughly \$100,000,000 worth of assets of Missouri State Life Insurance Company, subject to certain liens, but also has a dominant interest in the General Alliance group of fire and casualty reinsurance companies with assets of about \$15,000,000.

The third large group in the investment company field is under the aegis of Tri-Continental Corporation, which has absorbed two investment companies, manages the affairs of three others, and, like Equity, has acquired a dominant interest in the insurance field through Globe & Rutgers. Total assets of this group amount to about \$100,000,000.

The first two of these companies are in a period of transition, and consequently do not lend themselves to the type of analysis to which other companies are subject. Their expansion and consolidation programs appear to be sound and constructive, and should result in the ultimate substitution of two strong and simplified units having properly balanced capital structures for numerous generally weaker companies with either unduly complicated or unbalanced structures. Tri-Continental, like these two, represents in the aggregate substantial resources.

Because of the assets at the command of these three groups, if for no other reason, their future should prove extraordinarily interesting.

# About Your Life Insurance

Questions and Answers . . . A New Service for Readers

**QUESTION:** Is it possible to continue a Christmas remembrance after my death, through a life policy?

**ANSWER:** As long as you live you will wish to present the gift. But after you have passed on, you may, through income plans offered by insurance companies, arrange to have a check for \$50 (or any other desired amount) guaranteed on Christmas Day as long as that person may live. The small cost of such a remembrance may surprise you.

**Q:** Can a woman utilize life insurance for investment and protection?

**A:** Today men and women are insured by large companies on the same basis. As women are often heads of families, their needs for protection are identical with those for men. There are in addition, however, many special reasons why women insure. The professional business woman upon whom others are dependent, wholly or in part, recognizes the value of life insurance. The self-supporting woman who wishes to make sure a lasting provision for her own future almost instinctively turns to endowment insurance or to some form of retirement annuity. The widow with dependent children naturally turns to life insurance for their protection.

**Q:** Believing in life insurance as a method of saving, how early in life can I start my boy on that same path?

**A:** Several of the insurance companies will now issue policies up to \$10,000 on lives of boys 10 years of age or older. You can maintain such a policy during your boy's teens, possibly letting the lad pay a part of the premium out of his allowance. When he passes his majority, you can transfer the entire upkeep of the policy to his youthful shoulders. Any boy must of necessity get two distinct benefits from an early intimacy with life insurance. First: he realizes the purpose and the value of life insurance, and experiences a sense of pride in being insured. Second: he unconsciously develops those habits of thrift and economy which so often form the basis of success in life, with accompanying realization of his obligations to society and to himself.

**Q:** What are the advantages of the various forms of dividend settlement? Should the dividend be drawn in cash? Left on deposit? Or used for the purchase of paid-up additional insurance.

**A:** The circumstances of each individual policyholder should in general determine the answer.

If the insured is in immediate need of all the insurance he can obtain, he should choose the paid-up addition option. This gives increased income to his estate or to the beneficiary in case of his early death. The cash surrender value of each individual addition will never be less

than the original amount of cash dividend, and it may be more at a later date.

If the insured is not in need of additional insurance but wishes to get the best ultimate return from his dividends, he will leave them on deposit. There they will accumulate with interest.

In the event that the insured be in poor financial circumstances at some time in the future when his premium falls due, he may employ a part of the accumulated dividend deposits toward payment of the premium. In this way the dividend deposit fund becomes an emergency fund for future contingencies and also bears interest.

If the insured needs the money at once, he may take his dividend in cash or deduct it from the premium due.

**Q:** Is it not advisable to arrange one's insurance on a program basis?

**A:** Yes. The modern way of investing in life insurance is to select policies to serve specific purposes. The most important needs are usually covered first, such as an assured income for the family, funds for the children's education, and adequate provision for old age. Other needs will then deserve consideration, such as protection for a business enterprise, or a mortgage on a home, or the payment of inheritance taxes and administrative expenses. Often existing insurance may be rearranged on this plan.

**Q:** Can I guarantee a fixed income to a wife or child who may survive me?

**A:** Unless otherwise restricted, an insurance policy may be made payable to the beneficiary in the form of a life income, with the payments guaranteed for a stipulated number of years. This is usually the safest form of settlement for the average beneficiary, as all necessity for investing the proceeds of the insurance is avoided.

**Q:** Will the proceeds of a life insurance policy taken out by a wife on the life of her husband be taxable whether she or he pays the premiums?

**A:** If the premiums are paid by the wife, the proceeds are not subject to the estate tax; if paid by the husband, they are. Insurance is deemed to be taken out by the decedent in all cases where he pays all the premiums either directly or indirectly, whether or not he makes the application. On the other hand, the insurance is not deemed to be taken out by the decedent (even though the application is made by him) where all the premiums are actually paid by the beneficiary. Where a portion of the premiums was paid by the beneficiary and the remaining portion by the decedent, the insurance will be deemed to have been taken out by the latter in the proportion that the premiums paid by him bear to total premiums paid.



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"Can you suggest any action for holders, and what are prospects for St. Louis Gas & Coke 6% 1947 bonds (in default since June, 1933); Wabash 5½% 1975, and Republic of Panama 5% 1963?"

"I hold South. Calif. Edison 110 sh. @ \$27, and Cities Service 55 shares com. @ \$23. Do you advise switch into something with better prospects of recovery?"

"Please analyze Northern States Power Co. of Del. pref., Auburn Motors and Electric Bond & Share."

### Investigate Before Buying!

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Armstrong Roberts



## 24 Hours from New York

AND half that if you fly—lies Florida. There the vacationist can laugh at northern sniffs and sneezes and devote himself to the pursuit of pleasure. Here are some news notes on coming events.

**L**IFE begins on January 1 for those people lucky enough to go south in search of sunshine and pleasure. One can celebrate Christmas in the north and then, full of turkey, mince pie and good cheer, head for Florida with no regrets.

January is the best time to go, even though the various chambers of commerce assure us that November and December are "among the best months of the year". The truth is that these months are inclined to be rainy. But after the holidays things are different. The sun really gets busy.

And having plenty of sun, Floridians are pretty free with it. This is one state where the law of supply and demand still holds good. Plenty of sun means outdoor activities in January, February and March. When most of us are skiing or skating, the rich folks will be teeing off, or plunging into the surf. By rich folks, we mean people with a hundred dollars in the bank. It doesn't take very much money any more to go south or to live there. But no editor of our acquaintance has that much. Nice fellows, but just can't hang on to money.

More and more of our associates in the writing business are wintering in the south, and are finding Uncle Sam's mail just as helpful as personal trips to Manhattan's editorial offices. Irving Bacheller, Robert Herrick, Channing Pollack and Joseph C. Lincoln are several men who

come to mind and there are doubtless many others. Well-known business men, such as Ford, Rockefeller, Babson, Firestone and others have long vacationed in Florida.

Most people, however, go south for pleasure and for relaxation. We have, accordingly, compiled a calendar of coming events, some of which you may have jotted down on your cuff already. Since we are well aware that some people like golf and some like croquet, that some can't abide shuffle board while others dote on it, we have included a variety of items. We have done this, well realizing that the next mail will contain friendly letters condemning us for having failed to mention this or that coming event. Here a few notes on things to be seen, heard and done during coming months in Florida—a list by no means exhaustive since it is compiled mainly from personal experience and acquaintance.

The well-known Bok Memorial Tower at Mountain Lake opens December 15th and continues its carillon concerts through March. The land surrounding the tower is marvelously landscaped, and one can sit in one's automobile and listen to the music with the greatest of ease.

On January 29th, the South Florida Fair opens at Tampa. The big day is Gasparilla Day. It seems that Captain José Gaspar, or Gasparilla, was born in Spain in 1756. He entered the Spanish

navy and was thrown out of it in the year 1782 for stealing crown jewels. After this boyish prank, he turned pirate and centered his activities around Charlotte Harbor, Florida. In 1801 he captured a large Spanish galleon near Boca Grande, murdered the crew and made off with twelve young women. Among them was a Spanish princess to whom Gaspar paid court. She very haughtily told Gaspar that he was nothing but a small-time chiseler, and that if he were the last man on earth she would much prefer to wait.

This annoyed Gaspar considerably, so he showed his romantic pirate character by murdering her. By 1821 his pirate band was supposed to have accumulated a vast amount of treasure. The men decided that since things were getting a bit hot they had better break up, while their heads were still attached to their bodies. Then an American man-o'-war showed up in the neighborhood, and our hero promptly wrapped some cable around himself and jumped into the sea. There is no record of any tears having been shed.

Each year, as part of the carnival, Gaspar's raid on the city of Tampa is reenacted. Gaspar takes over the town amid great merrymaking. A suitable queen is elected, or selected for him. Gasparilla Day reminds one of New Orleans and its Mardi Gras.

January 6th at Tarpon Springs is the



familiar Epiphany Day. There is a religious procession of the Greek Orthodox Church, commemorating the Baptism of Christ, the Descent of the Holy Spirit and the Recovery of the Cross under Constantine. As part of the ceremonies, a gold crucifix is thrown into one of the deep springs. The diver who recovers it is blessed for the year. There are many of these religious and historical ceremonies which take place annually in Florida.

During the week of February 21-26, Rollins College at Winter Park will celebrate its 50th anniversary. The Animated Magazine which this college "publishes" each year will also celebrate its tenth anniversary. Prominent people will speak during a two-hour program, putting into spoken words the ideas they usually put into print. A crowd of twenty-five thousand people is not unusual, as the program is carried through amplifiers. People who have addressed the assembly in the past include Fannie Hurst, Frank B. Kellogg, Ray Stannard Baker and many others.

In March, the Saint Petersburg Festival of States occurs, a three-day celebration. Perhaps no other city in Florida makes so much of the geographical origins of its visitors. There are clubs for the different states, and competition between them runs high in sports, games and social activities.

Some notable athletic events are also scheduled for the near future. In early December, the \$10,000 Miami-Biltmore golf tournament will be held in the city of Miami. The All-American Air Races will follow in January. Polo, horse racing, golf, tennis and other sports are at their best during the winter and spring months, in all parts of the state. Swimming, for the hardy folk, is good all year round, but some find January and February surf a bit chilly.

If there was the slightest possibility of our being able to get away for a Florida vacation this winter, we should try to do two things; improve our golf card and do a little fishing. If President Roosevelt can catch a few, so can we. It has long been our personal ambition to catch a tarpon, but when that time shall come, remains to be seen.

Fishing is the most popular sport in America, as surveys of leisure time interests show. There are plenty of angling thrills to be found in Florida waters. Several hundred varieties of fish may be caught, if you are skillful, in salt or fresh water. The more courageous gentlemen will battle with the marlin, wahoo, sailfish, bonita, dolphin or amberjack. But Class B fishermen, including this writer, should stick to the yellow-tail, sea trout or snappers.

In addition to the social and athletic activities, Florida has much to offer. There are blue seas and white sand beaches . . . underground rivers . . . bubbling springs . . . tropical fruit and tropical trees . . . orange and grapefruit groves . . . historic ruins from the days of Spanish, French and English occupation . . . and a host of friendly residents. Florida is unique among our forty-eight states in climate, in interest and in the wide variety of its peoples.

—Jo CHAMBERLIN

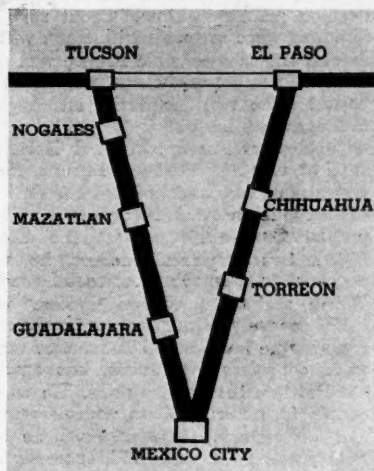
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## Bloody 1934: Year of Chaos

Continued from page 44

and favored backward Serbs and the Serbian military clique. Croat revolutionaries were in touch with Italy, which detests Yugoslavia, while France was endeavoring to bring about a reconciliation between the two dictatorial and highly militarized countries.

The loss of Foreign Minister Barthou, aged 72, was a great loss to Europe. Here was a man who had brought Russia into the League of Nations, and had almost unified Europe as against the Third Reich. Scholarly and modest, he was perhaps his country's most useful world-citizen, and the European "system" will suffer severely through his untimely end. Against the hard-bitten Alexander there were countless grievances, but against old Barthou there were none. He was a conciliatory French Cato and an organizer of victory. Alexander's little son Peter, who is 11 years old, succeeds his father on the Belgrade throne under an uncertain sort of regency or triumvirate.

Cuba has seen almost continual trouble during 1934, with strikes, bombings, murders, and governmental changes of the most reckless sort. Behind the scenes has worked an influential army sergeant named Batista, a man of unusual ability and proletarian sympathies, nicknamed the Cuban "Lenin". The Cuban presidency has changed hands several times of late, and its occupancy has become immaterial under the stress and strain of direct-action.

Meanwhile the hopeless war between Paraguay and Bolivia over the Gran Chaco has dragged on interminably, despite all efforts to effect a settlement. Thousands have died "nobly" for their countries, but unquestionably certain great munitions firms profited hugely, and certain foreign concessions had economic interests at stake. Little Para-

guay, which is virtually a matriarchy, has fought off the German-trained armies of a nation with three times her population—but for no conceivable reason save transient glory. The achievements of the international munitions ring, whose machinations have been fully exposed during 1934, do not appear quite so glorious under a revealing floodlight of relentless publicity.

But the world recovered fully after long-ago 1848; and in the march of better years, 1934 will be similarly forgotten. There is still real international peace on the grand scale despite internal chaos here and there; and domestic unrest of short-lived duration is infinitely preferable to the unspeakable atrocities of another World War. Furthermore, with the investigation of heavy-armament propaganda, the danger of world wars is greatly lessened for the future. It is more than possible that 1935 may prove a "good" year of domestic and international peace, despite the croakers and kill-joys who predict dire disaster just beyond the horizon.

When the great English historian Creasy wrote his "Fifteen Decisive Battles of the World" in 1851, he seemed inclined to think that great international wars were a thing of the past; although he was disturbed by the social and political chaos produced in many countries by the events of 1848. Creasy would have been more inclined to predict 1934 than 1914, with its World War. But another world war is not around the corner, yellow journalism notwithstanding, and historical research tells us that cycles of domestic disorder are transient phenomena of widespread economic strain. Pessimistic writers gain more notoriety than optimistic ones, but fortunately sensationalism is a boomerang.

## In the Shadow of Inflation

Continued from page 22

in heavy depreciation of the dollar would cause much injustice to a large proportion of the country's most worthy people.

### The Broad Highway to Catastrophe

For the last fiscal year the deficit of the Government was over four billion dollars. During the first few months of the present fiscal year it has run much heavier than during the corresponding months of last year. If these heavy government expenditures, many of which are extravagant and excessive, were being financed entirely or chiefly out of taxation, the situation would soon correct itself, for the high taxes would prove to be so politically unpopular that the electorate would rise in vigorous protest against them. The situation, however, will be very different if these extravagant expenditures are financed chiefly through the sale of government securities to the banks as they are being financed today, and if the loans to the Government are made by the banks by means of currency and credit expansion.

Under such circumstances serious inflation is the ultimate result. Then the value of the Government's bonds is largely wiped out, as well as the value of all other bonds, through the reduction in the value of the dollar in which they are payable. Expenditures would be met—as were the colossal government expenditures after the World War under the inflation régime of France, Germany, and Austria—largely out of the endowments of the country's great educational and other public welfare institutions, the savings deposits of the poor, and the life insurance policies of the foresighted and thrifty.

Our only hope to avoid such a catastrophe is a nation-wide ground swell of opposition to further inflationary measures, an opposition which will result in the prompt repeal of the radical monetary legislation now upon our statute books, and a right-about-face in all matters affecting fundamentally the monetary standard, from a government of executive fiat to a government of the statutory law.



## Political Parties of Tomorrow

Continued from page 30

Thus, within the framework of our Constitution, we have in effect seemed to ratify a de facto arrangement which—grating as the term is on American ears—amounts in practice to an elective dictatorship. We make Mr. Roosevelt our uncrowned king until 1936 and at that time we shall decide what we want to do after that. In this process it does not appear that the voter has surrendered anything. He still holds the whip hand. But he has given his lead horse a little more rein.

### A Confused Opposition

This is all unprecedented. It presents a confused situation for the political opposition. The President, operating experimentally and with great latitude, does not stay in one place. Therefore you have difficulty in firing at him. When Mr. Hoover dug in on one fixed position—as in his opposition to federal relief, the Democratic opposition had him tied to an exposed position and they could continue firing. On the contrary, Mr. Roosevelt does not say when he will balance the budget, whether he will further devalue the dollar, how he will handle the relief problem, what he will do with NRA, until time and circumstance force him to make his decision. He remains in his shell hole until the zero hour. Then he acts so quickly that it is all over before the opposition knows what has happened. That leaves his opponents confronted with a *fait accompli* and all they can do is become destructive critics so-called. It is a difficult rôle and apt to be an unpopular one, for it puts the opposition party in the attitude of trailing along behind, snapping at the Administration's heels.

### Wanted—Democratic Critics

This should not be. Anyone exercising power needs the balance wheel of criticism. Of course we have left the weapon of eventual repudiation at the polls but that remedy comes pretty late. What is needed is an opposition technique which will keep the spotlight on, with a spray of analytical criticism constantly aimed at those in power in the hope that mistakes can be warded off or quickly checked. Some New Dealers have spoken of the necessity of internal opposition. The Soviet leaders call it self-criticism. Having abolished the opposition in Russia, members of the Communist Party are encouraged to criticize to their heart's content. Perhaps something like this will develop within the Roosevelt Administration although it must be said that the cavalier treatment which has been given to those who have attempted it thus far is not designed to encourage others. Instead of welcoming self-criticism, the Administration cracked down on Lewis Douglas, Professor Sprague, Dean Acheson, and some lesser persons who objected to specific policies of the New Deal.

This has been a grave mistake in the opinion of many, for with traditional po-

litical opposition moribund, the Administration needs to encourage criticism from within.

As to what the future will bring, no one should be rash enough to predict. We have indications that powerful forces are at work, that a fundamental upheaval has occurred. There are signs that our unwritten constitution is undergoing major changes without touching our written Constitution. Whether the old two-party system can survive is a question yet to be answered by future events. The elder LaFollette always said that parties are born and not made. What will be born out of our troubled political scene is not yet clear to any competent prophet.

Certainly few persons in Washington now believe the Republican Party can continue in its present tradition. The label and much of the machinery may survive. But most observers expect that its leaders and its policies will be changed. It may be that the whole body of public opinion has made a shift to the left and that accordingly the Republican Party will remain on the right flank but will take up a new position to the left of its old one, just as the Democratic Party has shifted leftward since the days of John W. Davis in 1924.

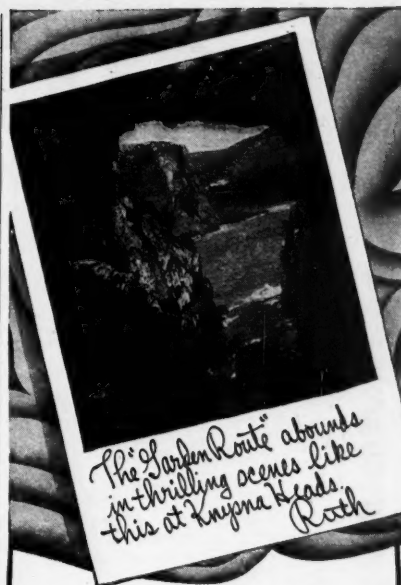
### The Middle Road?

Then out on the left flank certain things are happening. Sinclair has stirred up something. Others no doubt will carry on. In the Northwest the LaFollettes and the Olsons, the old Republican insurgents, the new Progressives, the Farmer-Laborites, are all infused with new vitality due to the awakening of public sentiment.

Many fear a stampede to the left-wingers. This election indicates that such tendencies are localized. We frequently have had regional trends to the left. There were the Populists, the Non-partisan League and the elder LaFollette's presidential raid in 1924 in the middle of the Coolidge era. But the country as a whole showed no signs of going wild in the last election. It was evident that public sentiment everywhere was against Sinclair and hoped he would be defeated.

Taken as a whole, the results were not an expression of blind rage, otherwise more Democrats would have been ousted in favor of Socialist, Communist and other radical left-wing candidates. The Republican Party got 13,000,000 votes without offering either leadership or ideas.

Unquestionably there are large surging eddies and they appear quite menacing to the eye at first glance. On the right hand bank are the slow, sluggish waters held back by jutting rocks. But between the two banks is the broad stream which is moving along steadily and with powerful force. It is the deep part of the channel. There, we might say, is where we see the smiling, stout-shouldered swimmer, pushing along with the current in the year of grace, 1934.



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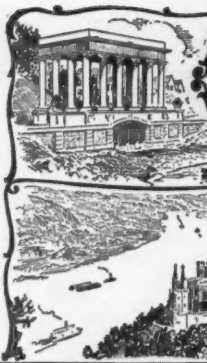
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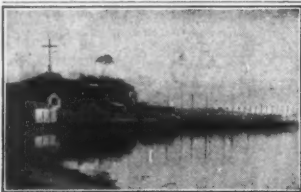
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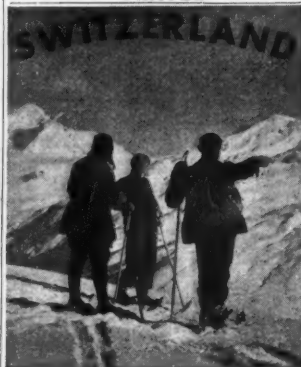
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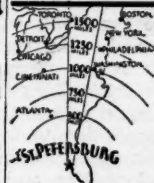
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